Operator: Good day, and welcome to the Max Financial Services Limited Q2 and H1 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. 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, for the opening remarks. Thank you, and over to you, sir.

Nishant Kumar – Chief Financial Officer: Good morning, everyone, and thank you for joining Max Financial's earnings call for the quarter ended September 30, 2026. Our Q2 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 Axis Max Life Insurance. With that, let me hand over the call to Sumit to take you through our performance and key developments during the second quarter of FY27.

Sumit Madan – Managing Director & CEO: Thank you, Nishant, and good morning, everyone. The second quarter of FY27 was indeed marked by heightened global uncertainty, a changing interest rate environment, and significant regulatory developments for the insurance industry. The proposed changes to the commission structure and the expense of management framework have initiated important discussions across the sector and reinforced the industry's continued evolution toward greater transparency, customer-centricity, and operating efficiency.

We support the broader objectives of these reforms, including simplified distribution economics, clearer alignment between commissions and expenses, stronger incentives for renewal and persistency, and enhanced protection for policyholders. At the same time, the proposed EOM limits and commission caps represent a meaningful reset of industry business models, particularly coming on the back of several major regulatory changes over recent years.

At Axis Max Life, we have consistently focused on building a diversified and resilient franchise, with balanced growth across channels, products, and customer segments. This has enabled us to navigate periods of change effectively while maintaining business momentum. We are confident that, as with previous industry transitions, we will adapt successfully to these reforms and emerge much stronger.

In that context, let me take you through the key highlights of our performance across our strategic priorities during the quarter. First, as we always say, sustainable and predictable growth. Axis Max Life continued to deliver broad-based growth across both proprietary and partnership channels during the first half of FY27. Our individual adjusted first-year premium grew by 12% in H1 FY27 and 9% in Q2 FY27, enabling us to maintain our private market share at 10.1%.

More importantly, our performance continues to demonstrate consistency through various market cycles, with a 3-year CAGR of 19% in Q2 FY27, significantly ahead of the industry growth rate of around 11%. Total APE grew by 11% in H1 FY27 and 8% in Q2 FY27. Our proprietary channels delivered 9% growth in Q2 FY27 on a high base, underpinned by a robust 3-year CAGR of 25%. Within the proprietary channel, our e-com business continued to strengthen its leadership position

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across both direct and aggregator platforms, registering 29% growth during this quarter.

Partnership channels grew by 11% in H1 FY27 and 8% in Q2 FY27. Within this, the Axis Bank channel recorded 4% growth, while our broader retail partnership ecosystem continued to gain scale and momentum, delivering 19% growth during the quarter. This highlights the increasing contribution of our diversified partner network to our overall business growth.

We also witnessed strong traction in group credit life, with the business growing at 41% in Q2 FY27. Notably, partnerships onboarded over the last 3 years have now started to contribute significantly and came in at more than 35% of group credit life APE, reflecting the success of our efforts to broaden and diversify our growth engines.

During the quarter, we continued expanding our addressable market. Our GIFT City proposition gained momentum, enabling seamless digital acquisition of NRI customers, while our distribution ecosystem expanded with 5 new partnerships. These initiatives further enhance the resilience of our franchise and position us very well to capture emerging opportunities while reducing dependence on any one single channel.

The second aspect that we have always focused on is product innovation driving margin expansion. Product innovation continues to be a key strategic lever for us, enabling both customer relevance and profitable growth. During the second quarter, our retail product mix remained well diversified, with participating and non-participating savings products contributing 15% each of retail APE, protection and health 14%, annuity 19%, and ULIP 37%. This balanced mix reflects the strength of our multi-product strategy and reduces dependence on any one single product category.

Retirement, as we mentioned earlier, continues to be one of our most exciting growth opportunities. In Q2, we launched Smart Retirement Income with Sustained Earnings Plan, popularly now called Smart RISE, which combines flexible lifelong income with a NIFTY 50-linked variable annuity option, offering customers the potential to participate in long-term market growth. The product has been well received and already contributes around 8% of our total APE. Driven by strong customer demand and the success of Smart RISE, our annuity business grew by 130% during Q2 FY27.

We also continued to strengthen our protection franchise. Pure retail protection grew by 31%, supported by healthy customer demand, while rider growth remained broadly stable amid some softer ULIP market sentiment. During the quarter, we also relaunched the Smart Term Plan Plus with 8 flexible protection variants, life cover up to age 100, and enhanced women-centric benefits, including maternity cover and lifetime plus benefits. We maintained our position among the industry leaders in protection and remained ranked third in individual sum assured, with individual sum assured growing by 18% in H1 FY27.

In addition, we expanded our reach across emerging customer segments. Our USD-denominated Smart GIFT proposition continues to gain strong traction among NRI customers, with GIFT City business now scaling up rapidly and contributing more than 5% of ULIP APE. We also launched innovative group solutions in the credit life segment, further strengthening our product suite. The continued momentum in our protection and retirement business has improved both product mix and profitability. As a result, in H1 FY27, our VNB grew by 21% to 1,180 crores, while VNB margins

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expanded by 210 basis points to 25.4%. These results reflect the strength of our product strategy and our continued focus on building a high-quality franchise capable of delivering sustainable, long-term value creation.

The third aspect, which we always focus on with great pride, is having a customer-centric approach. At Axis Max Life, customer trust remains the cornerstone of our franchise and continues to strengthen across multiple dimensions. During the year, we achieved the distinction of being ranked the number one life insurer in customer experience by Hansa Research, improving from our earlier position and reinforcing our commitment to customer obsession. Our Net Promoter Score improved further to 62 from 60 last year, while both touchpoint and relationship NPS continue to strengthen. We witnessed significant improvement in customer service, policy issuance, and purchase journeys through a combination of process simplification, automation, and digital interventions.

Claims remain one of the most important moments of truth for an insurer. Our InstaClaim proposition continues to deliver industry-leading outcomes, with 63% of eligible claims settled within 1 day and 56% actually settled within 3 hours. These outcomes are supported by ongoing investments in automation, analytics, and a very customer-centric claims process.

While 13th-month persistency is at 83% versus 85% last year, we continue to be ranked among the top players on NOP persistency across cohorts. Importantly, long-term persistency, including 37th-month, 49th-month, and 61st-month persistency, reached its highest-ever levels, with a significant year-on-year improvement, clearly reflecting improving business quality and stronger customer engagement over time.

The fourth aspect is digitalization for operational efficiency. Digital, data, and AI continue to transform Axis Max Life into a more intelligent, scalable, and customer-centric organization. Over the last few quarters, we have moved beyond experimentation and are increasingly seeing measurable business outcomes from AI. Today, we have more than 47 AI solution tracks and multiple enterprise-wide AI platforms operating across recruitment, sales, underwriting, servicing, and customer engagement.

In distribution, our sales ecosystem has become increasingly intelligence-driven. AI-based recruitment generated over 60,000 leads, while our sales co-pilot supported more than 82,000 sales interactions during the year. AI-powered recommendation engines, personalized nudges, and performance tools are helping improve productivity and sales effectiveness across channels. In customer acquisition and cross-sell, our AI-driven propensity and parser engine have generated substantial business impact, while our GIFT City digital onboarding platform has enabled rapid scaling of our NRI proposition with a fully digital customer journey.

In underwriting and risk management, AI-enabled models delivered nearly 1,000 crores of risk avoidance through enhanced fraud and mortality detection capabilities. Financially frictionless underwriting now supports half of our protection business, improving both customer experience and operational efficiency.

On the customer side, our app ecosystem continues to scale strongly, with over 12 lakh installs, while AI-enabled servicing capabilities, CS Co-pilot, automated email bots, and voice AI platforms

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are improving responsiveness, reducing turnaround times, and enhancing overall customer satisfaction. These investments are increasingly translating into tangible business outcomes through higher productivity, better customer experience, improved risk management, and stronger growth.

In summary, I would just like to say that our growth continues to be supported by a diversified distribution franchise, strong momentum in the protection and retirement segments, industry-leading digital capabilities, and a continued focus on customer trust. At the same time, our profitability metrics demonstrated the quality of the business we are building.

As the industry adapts to the evolving regulatory framework, we remain very confident in our strategy, execution capabilities, and our ability to continue creating sustainable value for all our stakeholders. I now want to hand over to Amrit, who will provide an update on our financial performance.

Amrit Singh - Chief Financial Officer: Thank you, Sumit, and good morning, everyone. Just a housekeeping update on the key financial metrics. MFSL revenue, excluding investment income, now stands at 17,484 crores, which has also grown by 16%. Consolidated profit after tax at MFSL is now 219 crores, which is up 137%. Gross written premium experienced healthy growth of 17% and is 18,066 crores for the first half, while the renewal business has grown by 18% to 11,247 crores.

Individual new business sum assured, an important metric for us, grew by 18% year-on-year, and we are now at 2.55 lakh crores of sum assured on the individual side, ranked third in the private industry. This underscores our continued focus on expanding the protection business and sum assured growth. The growth may appear lower than protection business growth, primarily because, as you would have seen in the mix, the mix has shifted toward annuities, and annuities do not have sum assured built into them. That is the reason why the 18% growth is smaller than the protection business growth.

Embedded value of the company at the end of September 2026 stands at 31,437 crores, a growth of 17% year-on-year. Annualized operating RoEV has improved by 100 basis points to 17.3% in the first half. This includes a marginal positive of around 5 crores on the operating variance side. The non-operating variance stands negative at 216 crores, largely due to movements in interest rates, and this is transitory in nature.

We have continued to maintain a sharp focus on operational efficiency. Policyholder operating expenses as a percentage of GWP improved by 174 basis points year-on-year to 13.7%, driven by focused productivity enhancement initiatives. If you adjust for GST, which is in the run rate in this particular half, the policyholder opex ratio has actually improved by 300 basis points to 11.7% in the first half of FY27 from 14.6% in the first half of FY26 last year. Overall, policyholder expenses have grown by only 3% during the first half, and total expenses, including commission, have grown by only 9%.

AUM now stands at 2.06 lakh crores, a growth of 11% year-on-year. As Sumit mentioned, VNB margins expanded in the first half from 23.3% last year to 25.4% in the current year, with VNB growth of 21%, and for Q2, VNB actually stood at 27%, despite the GST impact. Overall, profitability outcomes give us the confidence that we will be able to maintain our overall momentum [cut off]

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Management {? Amrit ?}: ...momentum for the future, and with that, we will ask the moderator to open the floor for questions.

Operator: Thank you, sir. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to withdraw yourself from the question queue, you may press star and two. Participants are requested to use a handset while asking the question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question comes from the line of Shreya Shivani with Nomura. Please go ahead.

Shreya Shivani - Nomura: Thank you for the opportunity, and congratulations on a good quarter. I have two questions. My first question is on the first-half performance. VNB growth has been strong, but if you can help us understand, now that protection will have a high base—we already softened on protection in Q2 itself—but protection will have a high base in the second half, will non-par continue to decline? What kind of APE growth is likely for us in the second half? Also, what kind of VNB margins are feasible, because the first-half margin at 25% is already ahead of what you have historically delivered? Some color around how the second half can develop for us in terms of growth and margins would be useful.

My second question is on the EOM caps that have been suggested. Any color that you can provide on how much we will be able to achieve just by reducing commissions? What other efforts will we have to make to reach 12.5% EOM over the next 5 years? What suggestions are we giving to the regulator, given that we are a retail-only life insurer? Any color on that would be useful. Thank you.

Management {? Amrit ?}: Thank you, Shreya. I think there are three questions. The first one is on APE growth. I think the second half presents a kinder base, so we are more confident that we should see an acceleration in the second half. There will also be an opportunity that a transition always brings about, so we will capitalize on it to the fullest potential. We are more confident that APE growth should look better in the second half than in the first half.

On margins, I think what you are missing in our margin trajectory is that we do get the advantage of operating leverage. We report our margin on an as-is operating expense basis, and hence, as sales volumes pick up each quarter, margin expansion also improves. So, even if some moderation may happen because of the very high protection base, our confidence in the overall margin profile is more positive, and we should continue on the expansion journey that we have experienced so far.

Coming to your questions on the consultation paper, this is a consultation paper and we have provided our views on it to the regulator as well, and there will be active engagement. At a macro level, our journey is from around 25% on the expenses of management to GWP ratio toward 15%. With a mix of commissions getting realigned toward renewal rather than first year, as has been indicated, and with some cost actions to be taken over the next 2.5 years, we are confident that we will meet it.

Relatively, if you ask us how much opex has to be taken out, it is perhaps a 7% kind of number that we will have to optimize. So, it is 3.5% and 3.5% optimization over a 2-year period, which is doable. You would have seen how we have started on this journey, including some of the technology

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investments, and the reset of the industry will help us do so. We remain confident that we will map ourselves to the guidance on that particular element.

Having said that, I think a unified single cap also has its pluses and minuses, and we have recommended to the regulator that it should be looked at holistically, among many other things that we have recommended.

Management: Amrit has largely covered it. I have to say that we have had some very constructive meetings with the regulator. As a collective unit, we have also met the Department of Financial Services through various representations. If you look at the long-term impact of some of these changes, these changes are in the right direction. The challenge is always to navigate them in the short term. Amrit rightfully articulated that, with the help of some commission and GST adjustments, we should be able to gain to the extent of around 5% to 7%. Then, of course, we always have business and efficiency measures, which we have demonstrated in the last few months and quarters as well. That should also give us another 2% to 3%. So, this journey from 25% to 15% first and then to 12.5%, frankly, when you do the internal calculations, we are quite confident about it. I do not see much stress around it if that is the shape and form in which the guideline finally comes.

In our specific conversation with IRDA, since you asked that question, some of the specific suggestions we have made are also around group credit life. Because GCL is pure protection, it covers lives that we are unable to cover through retail term. That is an important product where certain suggestions across the industry have been made. Amrit spoke about the transition period, so there have been some specific conversations and suggestions to the regulator around the transition period as well. There is obviously also a softer point around exclusion of GST from EOM computation. It is a bit of a gray area, because GST is excluded today as well. The regulator has taken all the suggestions in a very constructive manner. I am quite hopeful and optimistic that the suggestions made by the industry will be part of the final draft paper when it comes out.

Shreya Shivani – Nomura: Right, thank you. That was useful. Just a follow-up on the VNB margin portion and the as-is expenses that you mentioned. As growth momentum picks up for us in the second half, expenses will pick up, and there will be some moderation in margins. That is the correct way to think about it, right?

Management {? Amrit ?}: No, not really. I think the point that I was trying to highlight to you is that structurally, our margins improve in Q3 and Q4 [crosstalk] as volume builds up. So, you will see an expansion in margins, and they should only look better from where we are at the moment.

Shreya Shivani – Nomura: [crosstalk] Yes, structurally.

All right, understood. That is useful. Thank you, and all the best.

Operator: Thank you. The next question comes from the line of Swarnabh Mukherjee with 360 ONE Capital. Please go ahead.

Swarnabh Mukherjee – 360 ONE Capital: Good morning, sir. Thank you for the opportunity, and congratulations on a great set of numbers. I have three questions from my side. First, I wanted to

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continue the discussion on VNB margins. First of all, if you could give us some color on the VNB margin walk, what proportion has come from product mix change? Given that we see that your cost structure has also improved, is there any operating leverage playing out there? Are there any variances that have played out, given that the overall asset-class characteristics have also been fairly volatile this quarter? That would be my first question.

I also wanted to understand whether, given that your product mix is improving, your cost structure is improving, and you are saying that your margins are likely to be better in the second half because of how operating leverage plays out, we should then expect an upgrade to the margin guidance that you normally provide, because we are already above 25% in the first half. That is the first question.

Second, our two key channels, Banca—meaning Axis Bank—and agency have been subdued this quarter. I wanted to understand how we should think about the glide path as we move into the second half and what challenges are there right now that are impacting them. Is it only ULIP as a category that is underperforming, resulting in this slower growth, or is there anything else to read into it?

Third, at an industry level, we are seeing a lot of growth reported by players on the annuity side. You have also launched a variable annuity product. However, unlike a few other players, your non-par growth has been lower. Is this a function of a high base, or is the customer cohort fairly similar, with annuity cannibalizing non-par? If you could provide some color on that, it would be helpful. That is all from my side, sir. Thank you.

Management {? Amrit ?}: There are a lot of questions there. Thank you, Swarnabh. On VNB margins, I think it is largely happening because of the mix and also because the inherent margins within the products are improving. The attribution to operating leverage is far lower. It is largely the mix, is how I would put it.

You will recall that in the base there is GST, so some of this mix improvement and margin improvement, along with the negative drag due to GST, has been offset, and there has been a structural improvement. You should now see this against a kinder base from the previous-year period as we enter the second half.

From a guidance perspective, we have always guided that we would like to keep margins within a 25%-26% kind of range. As the year is progressing, our confidence is possibly now closer to 26% than anything else. We would still like to hold on to that range, but for the shorter period of time, in the second half, or for the full year FY27, closer to 26% is how we will put it.

On the growth, I would request [cut off]

Management: On Axis Bank and agency, since you specifically asked that question, I think it is important to look at the performance over the last almost 30-36 months in both channels. Axis Bank specifically, as far as H1 is concerned, our APE grew by 8% year-on-year, and on a 3-year CAGR basis, H1 actually grew by 10%. From the perspective of consistency and resilience of the partnership, I think things are in order.

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This quarter's growth was moderated largely because certain market volatility impacted customer demand for ULIPs, and also because of the delayed launch of a new protection product called STPP. There is a newer version that was launched slightly later than the timelines we had in mind. I think this had some impact.

Over time, as we have referenced in previous investor calls as well, our ability to make significant investments and the numbers coming out of channels other than branch banking are also playing a critical role. In Axis Bank, some of these channels include telesales, corporate banking, small-business banking, Bharat banking, the D2C business, and corporate salary. In terms of its customer base, Axis Bank has a very good customer profile. That business has now also started to scale up, and from that perspective, Axis will continue to become a significant contributor. In fact, the contribution of these emerging channels to our Axis Bank sales has now grown from 12% in Q2 FY26 to 30% in H1 FY27. Some of these channels have started to punch around their weight, and this has also broadened the channel's growth base and made it more diversified.

We have also launched a full-scale transformation program called Parivartan Plus. It is a program similar to the one we ran in agency around 2 years ago, where we saw significant success. It is a transformation project that we have undertaken along with Axis Bank to help us gain more efficiency and accelerate the pace of some of the other growth engines of the partnership as well. I view Axis Bank as one of our strongest channels. Growth should not really be an issue. It has been slightly subdued, as we mentioned, because of a delayed product launch and some overhang from the equity market.

On your specific question around agency, last year's agency business had a higher non-par mix, following the launch of Smart Vikas. During H1 FY27, the product mix has largely normalized, with the protection share improving due to GST tailwinds while the non-par mix has normalized. This has resulted in a lower average case size in the agency channel, which creates an overall optical impact on reported growth.

What is important is that the fundamentals of agency remain very strong. There has been an improvement in agent productivity, as we launched a specific program that brought more than 12,000 dormant agents back to active selling. Recruitment has strengthened. While in H1 we grew by only 4% versus year-on-year growth of 8% in August and September, the pickup has now really happened, and a broader product range is also gaining traction in agency. Annuity grew by around 50%, and protection grew by 27%. These factors give us a lot of confidence regarding both the agency and Axis businesses, and things are moving on the right track. I would not be too worried about performance across one or two months.

Management {? Amrit ?}: Lastly, on the annuity piece, Swarnabh, some part of your assessment is possibly true because non-participating design chassis also had income-stream products, which actually sought to provide an assured income to a retiree or near-retiree. Annuity has possibly cannibalized some of it, but I think there is distinctiveness. We do have a high base of non-participating products over multiple years, so some moderation and resetting is happening. However, non-participating products do provide fixed endowment elements with a guaranteed component, which serves a different need from an income need. The income need can be serviced with an annuity design. Now, with a variable annuity, the ability for the customer to participate in the

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equity upside is some [cut off]

Management: something that has been added as a feature. So, I will tend to agree, but yes.

Swarnabh Mukherjee – 360 ONE Capital: Understood. This is very clear. Thank you for such detailed responses. All the best for the second half. Thank you.

Management: Thank you.

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

Prayesh Jain – Motilal Oswal Financial Services: Thank you for the opportunity, and congratulations on a good set of numbers. Firstly, could you explain what you meant when you mentioned that product mix and inherent margins have played an important role in the VNB margin expansion in this quarter? How much of that would be coming from the non-par benefit that you would have received because of the interest-rate curve movement? Have you done a reset after that, so that the inherent margins go down in the second half? That would be my first question.

My second question is on the protection side of the business. Could you share the channel mix for pure retail protection? In the scenario created by the consultation paper, commissions may not play a meaningful role in differentiating products, and pricing will become a very competitive element in gaining market share within the channels. How will you address that?

Lastly, from a consultation perspective, do you see Axis Bank moving toward a more closed architecture? How do you think about your wallet share in the Axis Bank channel going forward, especially considering the consultation paper? Those would be my three questions. Thank you.

Management: I will take the last one; you take the first.

Management: Sure. Prayesh, thank you for your questions. On the first question—how much is attributable to the yield curve and how much of that will go away—I think it is a little bit of a theoretical question. Whenever yields move, even in the past, you keep repricing up and down depending on the competitive environment. At this point in time, the products are competitive in the environment, and we are getting the margins from those products. The products have been priced to reality.

Attributing it to the yield curve versus the mix involves a little extra guessing around some of these elements. The way you should look at it is that, in the current environment, we have priced our products competitively, and in that environment we are generating good, healthy margins. Now, if yield curves move up and down in either direction, all participants will take action in the market and, consequently, margins will be protected, enhanced, or reduced depending on how the competitive elements play out.

On your question about the protection channel mix, in the investor deck we put out a page showing the proprietary channel and partnership channel protection mix, and you would have noticed that our proprietary channel protection mix has always been higher. What we are able to do online, what we are able to do through our agency team, and what we are able to do through our direct-selling

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force team all have a higher protection component.

Those were the questions, and then there was a question on—

Prayesh Jain – Motilal Oswal Financial Services: On the protection piece, I had asked how we compete now that the commission angle in the consultation paper goes away.

Management: [hesitates] Today also, protection is not just about competing on commercials or pricing. A lot goes into it. There is a brand, a brand promise, the way you communicate, the way you incentivize, and the way you direct the teams. Hence, it is unfair to say that in tomorrow's world this advantage will go away and it will become only a pricing game. I will not agree with that because, very frankly, an equilibrium exists today as well in terms of how much payout happens.

Having said that, you should note that in the consultation paper, this is one category where the regulator has understood the difficulty levels and has provided for higher FYCs and RYCs. Protection also demonstrates one of the most superior persistencies among all product categories. When you look at RYC, if you start selling regular-pay products for a long duration and then calculate the NPV of how much you are paying today versus in the future, the economics are largely insulated. The economic value to the distributor from selling protection will remain fairly insulated even in the new era of the protection business.

Just because the first-year payout has come down, will it create significant disincentivization? Perhaps not. There is an NPV component that will come through. India continues to be severely underinsured. Time and again, our surveys have also shown that our estimate is that, even assuming a target market size of only 8-9 crore Indians, the current penetration level is possibly more in the 15% range. There is more than enough opportunity in this category.

Management: On the last question, Prayesh, which you asked about Axis Bank and a closed architecture, I have to say that the answer I am trying to articulate is from the perspective of the role and capacity that I manage. I will not be able to answer for Axis Bank or any other bank, but in the role that I perform, I personally feel that the attractiveness of any bank dealing with too many players will significantly decline in the near future. With the way the regulations are now being defined, whether it is Axis Bank or any other bank, in the short and medium term you will see them taking a decision to deal with fewer players. That is something I would like to qualify.

How Axis Bank or any other bank will behave would be difficult for me to answer at this point. When they take some of these decisions, or otherwise, and with the help of Parivartan Plus, whichever situation unfolds, we continue to remain very confident in terms of our gain or loss of share at Axis Bank.

Prayesh Jain – Motilal Oswal Financial Services: Understood. Thank you so much for those detailed answers. Thank you.

Management: Thank you.

Operator: Thank you. The next question comes from the line of Sumant Singh with PhillipCapital. Please go ahead.

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Sumant Singh – PhillipCapital: Good morning, everyone, and thanks for taking the questions. Most of the questions have already been addressed. In terms of costs, if I see the opex, it was broadly flat in Q2, while premium grew by 15%. Employee cost fell by 10% year-on-year. Advertising cost also fell by 34%-35%, while other operating expenses rose by 23%. I understand that there has been some reclassification, but I wanted to understand whether the reduction in staff and advertising costs is a deliberate reset ahead of the EOM limits and how much of it is sustainable. Also, what cost ratio should we expect for FY27? This is my first question; I will ask the second question after this.

Management: With respect to your observations, you will recall that we have been investing in our distribution franchise for the last couple of years as we entered new territories and geographies. Examples include the entire build-up of the retirement business, our presence among brokers, corporate agents, and smaller banks, and many new models. It is quite likely and expected that, as the years go by, productivity starts improving. You do not need to make the same level of investment, and hence productivity gains come through.

Even though on the headline number you are seeing 3%, 3.5%, or 4% growth, core growth in our opex does remain around 9%-10%, which we have undertaken to ensure that business momentum is sustained and built upon.

With respect to how we see ourselves ending this year in opex, GST is also added. So, from a total expense-to-premium ratio perspective, it may still remain around the 25% level, which is where we were last year, despite an additional 2%-2.5% GST coming in. If you remove that from the base, you can say that there is a reduction, but on the overall number it will remain steady in the range of last year's numbers.

Sumant Singh – PhillipCapital: You said that core operating expenses will be in the high single digits, around 8%-10%?

Management: Yes, that is right.

Sumant Singh – PhillipCapital: Just one question on Ind AS. I may be a bit early in asking this, but it is forthcoming. In terms of which transition approach are you planning to use for the in-force book? I understand that would be—

Management: [cut off] We will come to you on this one. I think it is still premature for us to start commenting on it at the requisite time, because we have sort of—

Sumant Singh – PhillipCapital: Just a follow-up to that: will the FY27 numbers also be restated?

Management: Yes. Whenever we provide FY28 numbers, there will be a comparative period of FY27, and April 1, 2026, will be the transition date.

Sumant Singh – PhillipCapital: Thank you, and all the best. Thank you.

Management: Thank you.

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

Nitesh Jain – Investec: Thanks for the opportunity. My first question is on capital raise plans. What are the capital raise plans from here onward?

Management: Nitesh, our capital solvency, as you must have noticed, is 197%. We did raise around 686 crores of debt in September, and, looking at 197% and the consumption that we have, we are fairly comfortable with our internal yardsticks, to which we hold ourselves accountable and responsible from a risk-framework perspective.

There are moving parts here. The entire EOM regulation is one moving part, which does reduce the strain and hence the need for capital. There is also the entire moving part of IFRS and RBC. So, as the situation stands, there is no immediate requirement to raise capital. We seem to be comfortable with the position that we have.

Nitesh Jain – Investec: Secondly, on the EOM cap, H1 EOM excluding GST is 22.5%. For the full year, is it reasonable to expect that it may be slightly lower than around 22%? At 22%, if we apply the new commission limits, what would the EOM be at those new commission limits?

Management: [laughs] It falls to the range of 16.5%–17.5%.

Nitesh Jain – Investec: So, the journey from 17.5% to 15% over 2 years should be the journey, right?

Management: That is what I said in response to one of the earlier questions. It is not a significant number. We can navigate and manage that.

Nitesh Jain – Investec: On EOM again, from next year onward, will we start reporting IFRS, with I-GAAP numbers no longer being reported? How will the EOMs be calculated in that framework?

Management: I-GAAP will be reported for 2 years. This is a question for which we should perhaps seek clarity from the regulator, but because I-GAAP will be reported in parallel for 2 years, you can effectively compute the EOM numbers.

Nitesh Jain – Investec: After 2 years, when the EOM limit is applied, I-GAAP will probably no longer be available. Under IFRS, expenses will anyway be much lower than they are under I-GAAP.

Management: You can derive some of these expenses from the IFRS numbers that are published. Very frankly, the accounting standard has no bearing on EOM. If you want, you can derive some of it, but that is a good question that we may seek clarity on from the regulator subsequently.

Nitesh Jain – Investec: My last question is on Axis Bank. Axis Bank's growth this quarter was 4%. Q2 last year was also not strong. Axis Bank's growth has been lagging for some time; it is not just a one- or two-quarter phenomenon. Do you see acceleration in Axis Bank going forward, or will its share in the overall APE mix reduce?

Management: No, I think we are quite confident about growth at Axis Bank. In terms of input parameters, as we said, it has already started to show some very encouraging signs. As part of H2, we are quite confident of healthy growth coming from Axis Bank.

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Operator: Thank you. [cut off]

Management: To add to that, Nitesh, under the new EOM framework, the incentives to consolidate with one single player increase. We are actually optimistic that we should see gains there to offset any potential loss that may happen on the smaller side of GCL and other distribution partners that are more affected.

Nitesh Jain – Investec: Sure, thank you. Thank you, {? Amrit ?}.

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 my questions. I have two questions. First, you said—

Vinod Rajamani – Nirmal Bang: Non-par and annuity meet different needs, but if you take them together, they have grown by around 2.5% year-on-year in Q2 and about 3.5% in H1. If you think of these as a group—non-par and annuity—what kind of growth do you expect for these two in the second half?

A related question is whether there is any internal ceiling on annuity's share of APE or something similar. That is my first question.

The second question is that you also said you expect banks to work with fewer insurers under the new rules. This will definitely help at Axis Bank, but at the newer bank partners where you have entered as, for example, the fourth or fifth player, how much APE do those partnerships contribute? How much of the business from banks comes from situations where you are not among the top two? How do you maintain those relationships if they consolidate? That is my second question.

Management: Thank you for that, Vinod. I will take the second question first because it is being asked across the industry. Before I answer, let me explain how our share really works at this point in time. Out of our overall sales, Axis Bank contributes almost 42%–43% of sales. With the regulatory changes pending, if these changes have any impact, as we said, we expect our counter share to only go up. So, we do not see any downside as far as this 42%–43% of our sales is concerned. That is one point.

When you look at the agency side of the business, agency is 21% of our overall sales. In addition to 43% from Axis, the new agents and base advisors that constitute this 21% of sales largely remain unaffected, as their current payouts are already below the proposed limits. Some top agents may see some impact in NPV terms, but it is expected to be manageable on a pooled basis, and there are strategies around it.

When I look at this 43% plus 21%, or around 64% of the business, I think we will stand to gain rather than lose under the new regulation. If I look at our D2C business, it contributes another 6%–7%. As far as the regulations are concerned, what we do through our own app or website is not impacted. So, 43% plus 21% plus another 6%–7% makes 70%. We have another 12% of the business coming from the direct sales force channel. This is the upsell and cross-sell engine of the company, where our employees sell products and are paid a salary and incentives. I do not see this 12% of the

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business being negatively impacted either. Gains are obviously possible.

Zooming out, 43% plus 21% is 64%, plus another approximately 7% from e-com is 71%, and 12% from DSF takes it to 83%. We are saying that this 83% of the business is largely not impacted. We have another 5%-6% coming from YES BANK, where we are number one in terms of counter share. Even if, hypothetically—and I cannot answer on behalf of YES BANK—some consolidation has to happen, I personally feel, from my perspective, that it should not be negative for us. So, 83% plus another 5%-6% takes us to 89%.

From that perspective, we can say that around 90% of the business stands to gain rather than lose if these changes happen. To your specific question, when you look at small banks or some of the other banks with which we have partnerships, we have been aggressive there, but the reality is that they contribute around 3% to our overall numbers. Brokers, especially small brokers who may be impacted by the regulation, contribute another 2%-3% of our overall business. GCL is another line where there may be some impact, but again, we will be impacted only to the extent of 1% of our overall numbers. The idea is to give you a broad perspective that, if the regulations come in this shape and form, while everyone will be impacted in some way or another, I see the impact as being minimal for Axis Max Life Insurance. In fact, I am more hopeful and optimistic that we stand to gain from some of these regulatory changes.

Vinod Rajamani - Nirmal Bang: Right, thank you [cut off]

Management: Sorry, you were saying something before Amrit responds?

Vinod Rajamani - Nirmal Bang: No, thank you. Just one follow-up: the proportion of business from banks where you are not in the top two would amount to around 3%. If I heard that correctly, is that number right?

Management: Yes, that is correct. However, even among those banks, there are actually 3 banks where we have counter share ranked number one. I mentioned that smaller banks contribute 3% of the business, but even among those smaller banks, we are number one in 3 of them. Therefore, the impact would actually be around 1%-1.5% in that category.

Vinod Rajamani - Nirmal Bang: Thank you so much for that very detailed answer.

Management: When I optimistically look at the Excel sheet along with the team and Amrit, I can safely say that 95% of the business is not impacted.

Management: On your questions around non-par and annuity growth, you are looking only at the first half, where some of the base effect is playing out. If you look at long-term trends, these categories combined are also growing at healthy levels of 15%-16%. The 3-year CAGR for these categories combined is healthy. Rather than viewing it only in that particular way, you should take a longer-term view, given the overlapping elements of these segments.

More importantly, we have certain annuity launches planned. There is a refresh that we are considering in the fourth quarter. Hopefully, momentum should remain steady in this category as well. Regarding a ceiling on annuity, if the question is coming from a risk perspective, the reality of annuities sold in India is that most of them are return-of-premium designs. Therefore, there is not

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too much interest-rate risk that you end up taking. The interest-rate risk taken on these products is actually much lower.

We have no hard-and-fast ceiling. The overall idea is to always continue to have a diversified product mix and cater to all segments, rather than be singularly focused on a single segment.

Vinod Rajamani – Nirmal Bang: Thank you so much for the detailed answers.

Operator: Thank you. The next question comes from the line of Madhukar Ladha of J.P. Morgan. Please go ahead.

Madhukar Ladha – J.P. Morgan: Good morning. Thank you for taking my questions. First, on Axis Bank, growth has been a little weak in Q2, even on a soft base. Are we actually losing counter share? What exactly is happening there? You have also mentioned that, logically, banking relationships should consolidate. Have we had any early discussions with Axis Bank on this, or received any early indication from them as to how they are thinking about this?

Second, although our business growth has slowed down, new business strain continues to be quite high. Even in Q2, I think new business strain grew by about 20% year-on-year. Which product is causing that? What is driving it? Lastly, protection growth has declined in this quarter. Could you give us some sense of what is happening and what we should expect in terms of growth in the second half and perhaps over the slightly longer term? Those would be my questions. Thank you.

Management: Let me take the last two questions first, Madhukar, and then I will ask {? [unclear] ?} to... On the strain question, this has largely happened because of the credit life business, which causes [pause] strain, and credit life plus the GST charge that has come in the first half, which was not there in the first half of the previous year. The quantum was far smaller then. That is largely the attribution for strain.

On your question around protection, we did enjoy a very sharp lift after the GST change, and the good part of that lift was that almost 80%-85% of the incremental customers were new customers who were buying. On a high base, we did expect some moderation. Even in our full-year planning, we had assumed protection numbers would moderate. That is largely it. I do not think there is anything beyond that to read into it. All efforts are underway, and some product refresh is also being done from a protection-business perspective, but we have a very large protection-business base.

Despite that, earlier in the call there were questions around margins. Overall, we are more optimistic about the 25%-26% spectrum, with our expectation closer to 26% than to 25%. At the moment, we see it at around 25.5% or closer to 26%.

Management: On the question about Axis Bank, whenever a consultation paper comes out, Madhukar, rather than reaching out to distributors, you conduct scenario analysis internally to understand how the entire mathematics and scenario will play out. From that perspective, yes, we are confident that banks will ideally consolidate the number of players at some point. Have we had a formal conversation with Axis or any other bank? The answer is no; we have not. That discussion is still open. This is based only on how we see the situation playing out in all probability.

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On growth at Axis Bank, we appreciate the question because it came up earlier as well. We also need to bear in mind that in the last quarter, Q1, we actually grew by 14% at Axis Bank. In Q4, we grew by around 9%–10%. From that perspective, growth has been largely okay, although we can obviously do much more, and that is the endeavor. That is why we have undertaken the Parivartan Plus transformation project, because the opportunity at Axis Bank is so great.

When you break down the July, August, and September numbers, you will find that we were slightly lacking only in August and September. That was more because of some product decisions we took, and not because of any systemic issue. I want to give everyone some comfort that our growth at Axis has actually been moving northward, and we have been fairly consistent over the last 7, 8, and 10 months in terms of the growth coming from there. We can surely do more, and that is the endeavor for H2.

Madhukar Ladha – J.P. Morgan: What is our counter share there? Are we losing counter share, or has channel growth slowed, because it seems that we are probably losing a little counter share?

Management: Our counter share normally remains around 65%; that has always been the case. If I look at this month, we should be back at the same level as we move ahead. In August and September, we came in slightly lower, making our counter share in Q2 around 62%–63%. But, as I said, that was more because of some conscious product-led decisions where we wanted to participate.

Madhukar Ladha – J.P. Morgan: And this has nothing to do with competitive intensity in that channel? You think you should be able to recover that counter share?

Management: Yes, we have always demonstrated that. By the time we end this year, in fact, starting this quarter itself, you will see the change coming.

Madhukar Ladha – J.P. Morgan: Understood, sir. Thank you, and all the best.

Management: Thank you.

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

Sanket Godha – Avendus Spark: Thank you for the opportunity. The annuity number we reported in the current quarter was 526 crores. Can you provide some color on how much of that was contributed by the newly launched variable annuity? Growth was phenomenal. Did that product play a role? Is it fair to say that, given that the product did well in the current quarter, it was the key driver of the margin improvement you reported in the current quarter? That is my first question.

Management: Would you like to give the second question as well? That will help us articulate both, Sanket, if there is another question.

Sanket Godha – Avendus Spark: The second question is on riders. If I look at the first-half number, which you reported for the first time, the growth looks a little soft at around 2%. I want to understand whether this softness is because rider penetration was already very high, so incremental scope was limited, and that is why rider growth has softened. Or is it interlinked with ULIPs? Is it

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because ULIPs have moderated and rider growth has slowed along with ULIPs?

Related to ULIPs, what I see in 13th-month persistency is a decline compared with last year. Is it fair to say that this is ULIP-led? Given that you have sold a lot of ULIPs in a weak market, are ULIPs seeing the greatest relative persistency correction? I wanted to understand that point.

Management: Thank you, Sanket. The variable annuity product that we launched in Q2 did contribute more than 50 [cut off]

Management: percent. There was an earlier product that it seamlessly replaced. So, yes, the variable annuity product contributed in Q2. On riders, your question itself contains the answer.

Sanket Godha – Avendus Spark: Sorry, but on variable annuity, is the margin profile of that product a key reason why your profit margin looked better than expected in the current quarter, in our view?

Management: No, I would not say that. The margin was that of the existing product, and this product was similar in terms of its range. It was more a story for the consumer that there is participation over long horizons in an equity-related investment, which helps. I do not think you can attribute an uplift in annuity margins to this new product. The margin profile was similar.

Sanket Godha – Avendus Spark: Understood.

Management: On your rider question, you have identified it correctly. Our riders grew by 19% in the first half. This softness in growth is also largely because of inherent softness in ULIPs as an overall demand category. We had already moved to attachments on those ULIP designs in the run rate. Therefore, the rider component coming from ULIPs has grown only at a low single-digit rate.

Persistency stress is actually concentrated in the non-par design, as we had explained in the last call as well. Some of the product designs launched in the previous financial year created challenges with respect to persistency outcomes. As we clarified in the last call, in March itself we discontinued them, taking the bold decision to discontinue a product where we were seeing distress. We have stopped selling that kind of design.

What will happen to persistency is that, additionally, in the previous financial year, we had started putting some controls in place in the second half. As the quarters progress, you should see persistency no longer deteriorating and, on the contrary, improving, with the improvement beginning in Q3 and Q4 as the base of the problematic product keeps reducing.

ULIP persistency, particularly the specialized product that you referred to as the term ULIP-first product, which was sold more as a protection-first proposition than as a unit-linked proposition, is fine. It is actually doing fairly well. There will be some pluses and minuses. Some riders attached to certain ULIPs have seen some positive and negative movements, but overall stress has largely occurred because of the non-participating design.

Sanket Godha – Avendus Spark: Understood. Lastly, one small thing I want to check: given that you are growing strongly in annuity, from a capital-consumption perspective, compared with non-par, is it fair to say that annuity—and within that, the variable annuity design—consumes somewhat less capital? Therefore, from a capital-efficiency perspective, until new money comes in from either

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Axis or a QIP, depending on the decision you eventually take, will it help from a solvency or capital-consumption perspective?

Management: Yes, your observation is correct. Annuity consumes less capital.

Sanket Godha – Avendus Spark: Understood. Perfect.

Management: It is also a matter of channel mix—where you sell and how you sell are levers that we always use.

Sanket Godha – Avendus Spark: Understood. Thank you. That is all from my side. Thank you very much.

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

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

Operator: Thank you, sir. On behalf of Max Financial Services Limited, that concludes this conference. Thank you for joining us today, 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.

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