August 14, 2025

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400 021

National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East)
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Sub: **Transcript of Investors & Analysts Conference Call**

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Transcript of Investors & Analysts Conference Call held on August 8, 2025, post declaration of unaudited Financial Results of the Company for the quarter ended June 30, 2025, is enclosed.

The same has also been uploaded on the website of the Company at https://maxfinancialservices.com/static/uploads/financials/earnings-call-transcript-q1fy26.pdf.

You are requested to kindly take the aforesaid on record.

Thanking you,

Yours faithfully
For **Max Financial Services Limited**

PIYUSH SONI
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Piyush Soni
Company Secretary & Compliance Officer

Encl: as above

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Max Financial Services Limited
Q1 FY '26 Earnings Conference Call
August 08, 2025

Moderator: Ladies and gentlemen, good day, and welcome to Max Financial Services Limited Q1 FY'26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Amrit Singh from Max Financial Services Limited. Thank you, and over to you, sir.

Amrit Singh: Good morning, everyone. Thank you for joining our call today morning for the results of June 2025. We had provided our presentations on the website and also on the exchange last evening. As always, joining me today are Mr. Prashant Tripathy, Managing Director and CEO of Axis Max Life Insurance; Sumit Madan, Chief Distribution Officer of Axis Max Life Insurance; and Nishant Kumar, CFO of MFSL.

I would first invite Prashant to just walk us through the developments of the quarter.

Prashant Tripathy: Thank you, Amrit. Good morning, everyone. I'm very happy to share that following a remarkable FY'25, we have carried forward our strong growth momentum into quarter 1 of FY'26 also delivering healthy growth while balancing the needs of our customers, partners, shareholders, and employees.

Let me first begin by sharing a great news that we at Axis Max Life Insurance are very proud of. And that is our ranking in the Great Place to Work Institute rating methodology that happened for 2025. There were several accolades that came our way, number one and most importantly, ranked number 28 among the top 100 best companies to work for, and about 2,400 companies of India participated in that survey.

We also featured in the top 50 India's Best Workplaces, building a culture of innovation by all, and ranked among the top 25 best workplaces in BFSI 2025. I am very happy to share that for all the last 6 or 7 years that we have participated in that survey, we have ranked amongst the top 50, and we are also a laureate, which means more than 10 years being amongst the top 100 Great Places to Work.

Our people continue to be at the heart of everything that we do, and these recognitions are a testament to the culture we have built together, a culture of trust, innovation, and commitment. With that, let me walk you through the key developments across all our strategic focus areas during the quarter.

<u>Sustainable and Predictable Growth:</u>

In Q1FY26, our individual adjusted first-year premium grew by 23%, which is nearly 3x of the private sector growth of 8% and more than 4x of the overall industry growth of 5%. Additionally, on a

2-year CAGR basis, we delivered a robust 25% growth, significantly ahead of the 16% CAGR for the private sector and more than twice the industry growth rate of 12%.

In terms of APE, which is annualized premium equivalent, we grew at 15% in Q1FY26, driven by both Prop as well as Banca channels. Our Prop channels have consistently served as the pillar of our strong growth over an extended period.

On a 3-year basis, these channels have demonstrated APE growth of 32%, with the online channel putting a 3-year CAGR of 63% and offline channels at 24%. Continuing this trajectory in the quarter as well, our offline proprietary channels delivered a strong 18% APE. We continue to maintain leadership in the online space despite online APE remaining flat.

And that's the reason you see a delta between 23% and 15%. This is owing to a large base of ULIP sales in the last year, which also caused divergence in growth rates of APE and adjusted FYP. We have done a review of how this delta will be for the coming quarters, and I must state that it's going to plateau, and I don't expect a delta of more than 2% to 4% between the adjusted FYP and APE numbers going forward.

Our bancassurance channels APE also grew by a strong 16% in quarter 1, driven by consistent performance across partner banks and supported by the ramp-up of new relationships established over the last 2 years. The Axis Bank grew at 11%. Other banca partners collectively grew by a massive 54%. This was a result of new bank relationships that we signed up for over the last couple of years. Continuing this journey, we have added 15 new partners across retail and group channels during Q1FY26 to further strengthen our distribution network.

Product Innovation to Drive Margins:

Coming to the products, where innovation is our endeavor all the time to drive margins, Axis Max Life remains deeply committed to leading in product innovation with a clear focus on creating value for all stakeholders, including customers, employees, partners, investors, and communities. In this quarter, we have launched another innovative flagship product called Smart VIBE, offering instant income in the first-year policy, the first policy year. Key features include enhanced protection through riders and policy continuance benefit, accumulation of survival benefit and premium offsets.

This launch has helped us rebalance our product mix, reducing the share of ULIPs from 43% in quarter 1 last year to 36% this quarter. Additionally, our rider APE has surged by over 300%, contributing positively to a 36% growth in the protection segment. Our pure protection portfolio also recorded a healthy growth of 26%. Annuities and other strategic focus area grew by 40%, further strengthening our diversified product portfolio.

These developments have not only aligned with our stated strategy of maintaining a balanced product mix but have also led to a margin expansion from - 17.5% margin in Q1FY25 to 20.1% in Q1FY26, resulting in an impressive 32% growth in the value of new business. Thus, our quarter 1 performance gives us good confidence, to maintain our margin guidance of 24% to 25% for FY'26 as we continue to invest in our distribution channels.

Customer-Centric Approach:

Focusing on some of the customer outcomes. We are pleased to share that Axis Max Life achieved its highest-ever individual death claim paid ratio of 99.7% in FY'25, a powerful testament to the deep trust our customers place in us and our unwavering commitment to honoring that trust when it matters the most. We continue to lead the industry in 13th-month persistency on several policy bases as per FY'25 rankings and hold the second position both 25th-month and 37th-month persistency on the same basis.

In terms of premium, 13th month persistency stood at 86% compared to 87% in quarter 1 last year, while 25th month persistency has achieved or reached its all-time high at 75%, reflecting a year-on-year improvement of close to 500 basis points. Our Net Promoter Score (NPS), where we just transitioned from a manual means to a digital means, remained strong at 54%, up from a baseline of 52% on an apples-to-apples basis at FY'25 exit.

Touchpoint NPS improved by 2 points from 55 to 57, and relationship NPS remained at par, indicating strong customer sentiments and effectiveness of our engagement strategies. We've also made notable progress in grievance resolution with Grievance Incidence Rates (GIR) improving to 44% in Q1FY26, down from 55% in Q1FY25. These consistent improvements across customer trust, retention, and service excellence reinforce our strategic focus on long-term value creation and sustainable growth.

In addition, I'm very happy to share with you that, consistent with the hypothesis that we had made while rebranding ourselves from Max Life to Axis Max Life, we have seen significant improvement in our scores on consideration. Before this exercise was undertaken last year, we had a consideration score of 78, which jumped up to 83. And we are also witnessing very good momentum, especially in Tier 2, Tier 3 cities. And I'm very happy to share that we are able to sustain those scores.

So, with respect to competition, I think our overall positioning has strengthened as a result of the rebranding exercise that we undertook end of last year.

Digitization for Operational Efficiency:

Digitization is another focus area for us, and our ongoing digital journey continues to drive operational excellence, customer satisfaction, and scalable innovation across the enterprise. We recently launched the Axis Max Life app, a fully in-house developed digital platform that integrates life insurance servicing with wellness benefits, an industry first in the life insurance space.

Available on Android and iOS, the app offers seamless policy management, premium payments, online purchases, and AI-powered chatbots for both insurance and wellness support. Built on a modern tech stack, the app is deeply embedded in our ecosystem to enable real-time engagement and analytics.

We also expect app-engaged customers to show higher relationship NPS and persistency, while increased DIY servicing will drive meaningful long-term cost savings. So, to all the people who are on the call and happen to be our customers, I'll sincerely urge that you download our app and be our app engaged customers.

In Q1, we successfully completed an enterprise-wide brand refresh, aligning all digital assets, including B2B platforms, HR systems, and communication tools, and our renewed brand identity. This includes a domain and e-mail overhaul, reinforcing consistency and trust across stakeholders' touchpoints. We also implemented several key interventions to streamline policy issuance and strengthen risk management during onboarding.

Notably, eKYC adoption increased from 35% to 70%, significantly reducing manual efforts and improving turnaround times. Additionally, we enabled the final payment journey with VASBA, ensuring full compliance with PPHI guidelines. On the servicing front, we have launched a Gen AI-powered e-mail bot, which is expected to automate 30% of the customer service volumes and enable 20% headcount optimization, enhancing both efficiency and scalability.

Collectively, these initiatives have significantly strengthened Axis Max Life's digital backbone, enhancing operational efficiency, elevating customer and employee satisfaction, and reinforcing our competitive advantage in the market. To summarize, we have had a strong start to the year with solid performance across all key metrics. While global geopolitical developments continue to shape market dynamics, we remain confident in our ability to deliver on our guidance and drive sustained value to all our stakeholders.

On a separate note, as you may be aware, I'm going to step down from my current role of Managing Director and CEO on 30th September. And I would like to take this opportunity to thank you for all your support, all your engagement, friendship with most of you, and communication during my career here as CFO and CEO.

Axis Max Life Insurance has always believed in distributed leadership, which is a unique thing about our organization. And as I hand over the baton to Sumit Madan, our Chief Distribution Officer, who takes over as MD and CEO of this company from 1st October, and he's also there on the call, I am very confident that the momentum that we have built, the strength that we have shown, the remarkable progress that we have made across all the strategic vectors highlighted and our ability to meet quarter-on-quarter, month-on-month commitments will only get enhanced.

So, I will look forward to your support, and let's give our best wishes to Sumit in his new role. You will hear from him as we go along. But let me pass it back to you, Amrit, for the financial numbers.

Amrit Singh: Thank you, Prashant. Just quick hygiene financial metrics. MFSL revenue, excluding investment income, stands at INR6,194 crore, which is a growth of 18% in the first quarter. Consolidated profit after tax stands at INR86 crore, largely impacted due to strains because of strong new business sales momentum. Gross written premium for Axis Max Life grew by 18%.

And more importantly, the renewal premium also demonstrated a healthy growth of 17%, standing at INR3,873 crore. As Prashant mentioned, VNB, which is a measure of profitability for our industry, stands at INR335 crore for the first quarter of FY'26, a growth of 32%.

NBM expanded from 17.5% in Q1FY25 to 20.1% quartering Q1FY26. Embedded value at the end of June stands at INR 26,478 crore, a growth of 20%. Annualized operating ROEV, a measure of performance, stands at 14.3%, again, an expansion from 14.2% demonstrated last year. Policyholder opex to GWP is 17.8%. Policyholder opex has grown by 18%. Overall, assets under management for Axis Max Life now stand at INR1.83 lakh crore, which is a growth of 14%.

With that, we'll open the floor for questions, and Io'll request the moderator to open it.

Moderator: The first question is from the line of Shreya Shivani from CLSA.

Shreya Shivani: Congratulations on a great set of numbers. I have three questions. My first question is just for clarity for the coming months, can you also explain why the monthly numbers are distorted? I know that you have sold a lot of these monthly model products. So, which of the line items were the numbers in our monthly Life Insurance Council data? The number is getting wrongly represented, and that's why we guys, when we calculate the APE, it comes out much higher at 20%, 25%, whatever.

And how long will this continue? Or should we expect a 2 to 4 percentage point difference, as you had mentioned, for the rest of the months for this year? That's my first question. My second question is on the agency channel. So, you've done a great job in the last 2 years with the agent addition. Though with the new agents coming on board, the agent productivity for your entire book had sort of declined. So, what is usually the time frame in which your agent productivity can recover because you've always had one of the best agent productivity on the street.

And my last question is, again, this is a very media article, media speculation-based, but any update on the insurance bill? Are you hearing anything negative about the clause which allows for a merger between an insurance and a non-insurance company? There was even media speculation that Axis Bank wants to raise its stake. I mean, any clarification over there would be quite useful. Those are my 3 questions.

Amrit Singh: So, Shreya, thanks for these questions. I'll take the first one, which is the AFYP and APE numbers. And firstly, let me just correct you that the monthly numbers published are not wrong. Those monthly numbers that are published are accurate. It is just that those monthly numbers are on AFYP basis, whereas the overall financials reporting in addition to APE basis, we do also share APE basis, annualized premium equivalents.

The difference between the methods is in the annualized premium equivalent. You recognize the entire premium of a policy for the first 12 months in the first instance itself, whereas in the AFYP, it is actually basis the collection that is received on a month-to-month basis.

Now, the Market Intelligence number, the Life consol number that you see, is based on monthly collections. APE is an additional measure that companies disclose quarterly, which is what we have also disclosed.

Where is it coming from, this gap in this difference? It will always come from a channel that is heavy on monthly modes and no prices for guessing that actually is an e-commerce channel, where the consumers prefer to pay on a monthly basis. So, the gap has come because of the fact that overall, the online business, especially on the savings side, has seen a moderation in momentum, largely due to the volatility in markets, which has impacted a little bit of ULIP demand during the quarter. And that's why the mobilization of APE in e-commerce is slower.

But beyond this there is hardly any difference in any of the channels between these numbers. Going forward, as Prashant mentioned, we do expect this gap to narrow. We are looking more at a 2% or 3% kind of gap still existing, but the gap will definitely narrow.

Sumit Madan: I'll take the second question on your point around agent productivity. I think one, our proprietorship business, largely led by agency, remains very strong, and the same has been disclosed as part of the numbers also. There have been a number of measures taken into account. But to answer your specific question, Shreya, in fact, our overall productivity has gone up by 4% over quarter 1 of last year.

The difference is that normally when we track the productivity, it's tracked basis the MTD active numbers rather than the total numbers, which is more of a base impact. So, if you look at the productivity of the active agents over the last quarter to this quarter, it's an increase of almost 4%.

Prashant Tripathy: Shreya, coming to your question, this is Prashant. On the insurance bill, yes, I also read some of these media articles. And of course, one got one engaged with stakeholders in this space to figure out what is going to change in the insurance bills. The latest update, as far as we know, is that the bill is ready to be presented in parliament. We just need to wait until it goes through. In all likelihood, it will be picked up in the forthcoming parliament session, may not happen this time around.

But there is no change as far as the Section 35 provision is concerned. I think it will be allowed for a non-life insurance company might merge or may be allowed to merge with a life insurance company with prior approval from IRDAI. In our case, as you know, the company that we want to merge with is not an operating company. It is just a holding company. It has no operating balance sheet.

So, we don't foresee any problems. So, as far as the insurance bill is concerned, our information suggests that we are awaiting the approval of the bill. And after that, we will be okay. As far as your other point around raising the equity by the bank, etcetera, I think we are here to hear anything on that ground. So, it may be just market speculation, and there is no point in talking about that.

Moderator: The next question is from the line of Swarnabh Mukherjee from B&K Securities.

Swarnabh Mukherjee: In terms of the margin, I wanted to understand whether there is any impact of the surrender value regulation?

Amrit Singh: You had a second question as well. So why don't you complete the second, and then I'll answer both.

Swarnabh Mukherjee: So, I was saying, sir, that there is a 260 basis point of expansion in the margin profile vis-a-vis from last year to this year. I just wanted to understand that are we being conservative in terms of maintaining our guidance? Or do we expect that going forward, given that this has come from good product mix alterations, do we expect that the upcoming quantum of expansion cannot be at this level. I just wanted to understand that on the margins part.

And if I can squeeze in a little bit on the product side. I think we have done very well over the last 3 years. But right now, I think at least on the basis, we are the largest in the private, at least among the listed players. So, what is the headroom there in the near term? If you could highlight that? These are my questions.

Amrit Singh: So I didn't get your third question very clearly, but let me answer the first 2 that you asked. So, as we have been kind of highlighting subsequent to surrender actions, we took actions on multiple fronts. And now it is almost impossible at our attempt to kind of just segregate the surrender impact and try to indicate. We have mitigated most of the surrender impact. And this is in the additional categories, and also leveraging other categories with respect to getting the pricing actions taken on those categories as well.

For this particular quarter, the product mix has aided. As you can see, this was the quarter we launched a very strong nonparticipating savings product, which saw strong acceptance that aided. In addition to it, all the actions taken post 1st October, which in the run rate have continued, which are around pricing actions and rider contributions, et cetera, continues to aid the margin expansion process.

With respect to full year guidance, I mean, we have been reiterating. I think we would like to remain in this healthy range of margins, which is between 24%-25%. If we see margins actually running up ahead of that, we will be very keen on ploughing that back into the business for growth purposes and building distribution. And that's the mindset with which we are approaching this business.

So, I would advise that we stick to the same guidance that we have indicated, rather than building further expansion there. The last question, unfortunately, I couldn't hear. So, I'm unable to answer it.

If it is around protection that we have been doing well in protection and how do we see it going forward?

We continue to be very excited about the protection opportunity. India, as you are all aware, with respect to sum assured penetrations, is severely underpenetrated. We definitely do expect, given our focus in this category, not just in sourcing, but also overall underwriting price, etc. we would like to continue to remain engaged in this category and do better than the market. We see no reasons any of that actually altering at this point in time.

Moderator: The next question is from the line of Avinash Singh from Emkay Global.

Avinash Singh: Congratulations to Sumit. You have resolved most of the issues related particularly the non-operating issues at the company. So, of course, expectations are going to be high for Sumit as well. Two questions. The first one is going to be in terms of your product mix, not so much margin.

I mean, you are back to kind of where typically you want it to be, ULIP and non-ULIP mix. Is this trend going to continue for the rest of the year? Or I mean, if at all, the market environment turns conducive, you would be okay to increase ULIP. So that's first on product mix. The second one, more again a bit, I would say, fundamentally, I can see, yet I want to answer. Again, time and again, sometimes media news comes around some of your promoters are increasing or infusing capital.

But when I see, I mean, your solvency is now even close to 200 odd percent and reasonable, I would say, back book profit generation. In that case, I mean, given that typically your 180% is the comfortable solvency than you would like to be, do you really see any need for external capital for the next 2-3 years, even if assuming the growth accelerates?

Amrit Singh: First question on product mix, I think, yes, the product mix is very balanced. But having said, if the market opportunity presents us to drive higher momentum leveraging ULIP, which is actually a great product from a consumer perspective as well. And now with the design variance enhancements, where even a unit-linked design is actually offering healthy protection components.

We will, in a calibrated manner, always keep looking at these opportunities. But overall, again, reiterating, I think we'd like to keep the product mix balanced between and very carefully balancing that between proprietary and non-proprietary, with an overall objective, our margins remain range bound. I think on the second one, yes, your observation is right. Our solvency at the end of this quarter stands at 199%. But given this business consumes capital due to the products that we are selling and the growth momentum that we are demonstrating.

We do expect, over a medium-long horizon, some capital emergence to happen. Some part of that we will fulfill through the debt capacity that we have at our end. But I think we will never starve the business from a growth capital requirement perspective, and we are quite confident that our shareholders also will be more than happy to kind of contribute if required to provide and need the growth capital in the business.

Moderator: The next question is from the line of Supratim Datta from Ambit Capital.

Supratim Datta: My first question is on the product and banca channel. So, could you help us understand how much Smart Vibe has contributed to non-par savings APE this quarter? And when I look at the banca channel, similar to the overall group level, there has been a shift towards protection and non-par.

But given this channel has typically shown a greater proclivity towards selling ULIP, I just wanted to understand, is there a strategic shift that has happened as well here towards selling more non-par and protection, along with the new product? And finally, my last question is on the back book surplus and new business strain. The new business strain versus last quarter has grown fairly significantly. Is this only driven by product-level changes? Or is there something else there as well, if you could help us understand that?

Amrit Singh: Thanks, Supratim. I will not specifically comment on a specific product number, but needless to say, whenever a new product is launched, it does end up being over 50% of the category contribution, given the excitement that it provides to the field and the distribution teams, and that's the kind of success that we are seeing even in Smart Vibe. Specifically, coming to your comments around the overall ULIP mix within our banks. Some parts are market-driven, and some parts are also intentional.

As we have been mentioning that we would definitely be working along with banks and especially our promoter bank, try to balance the product mix towards more optimal levels, and that is what I think efforts have been. And very interestingly, - at Axis Bank, the number of policy growth has been very robust. We have grown by over 20% at the bank. So, a shift away from ULIPs, which can sometimes affect the overall top line growth because of the case size being higher, those have been compensated by an overall higher degree of activity within the bank.

So, just a short answer, I think it's a mix of both, the market, plus also some conscious efforts of balancing the overall mix within the channel. Lastly, your observation on the new business strain is correct. It is product-driven. It is the higher proportion of non-par, and especially in a quarter where we don't necessarily get this equivalent operating leverage advantage because it's a smaller quarter from a sales perspective, the strain has been higher because of this particular product category becoming larger in the mix for the quarter.

Supratim Datta: Just one question, if I could squeeze in. The other banca channel, which is now close to around 20% of your overall banca contribution, how much further room is there for this channel to expand? It has been growing fairly at a fast clip. So just wanted to understand how we should think about this channel?

Sumit Madan: I think Supratim, it's Sumit, this side. We are actually very excited about the other banks because some of the recent growth we've seen in recent acquisitions, also, very fast, we've been able to get the counter share that we really desire. In some of the newer acquisitions, for example, we've become a number one player in terms of counter share also. So, I think our growth progress and the entire opportunity it provides, we are very bullish about some of the other banks.

Moderator: The next question is from the line of Prayesh Jain from Motilal Oswal.

Prayesh Jain: The first question is on the product level margins, whether they have improved with rider attachments or with respect to even ULIPs, whether the sum assured has been going up. So, whether the product level margin has improved? And your product-mix movement towards non-par the rates in the industry, have these been aggressive?

And are we getting some impact of being aggressive and margins being lower on non-par relatively? So that's my first question. The second question is on the persistency of the near-month 13-month persistency; there's some marginal weakness. Is there anything to read into it? Yes, those are my two questions.

Amrit Singhx: So, Prayesh, thanks for these questions. If you compare it with the previous year's same quarter, in certain categories, there is an improvement in margins and in certain categories, there has been a subsequent weakness in margins because of the overall design structure changing in certain product forms.

But I will not get into the specifics of each of the segments, but I think all the elements that you spoke of, whether it is ride attachment, whether it is repricing of certain products, has definitely aided the margin expansions- for us.

In non-participating, we have always been indicating, yes, it was impacted by the change in design structure post the surrender regulations. That impact, obviously, you will see in this particular quarter. It is not there sequentially, but if you compare this quarter with last year's quarter, you will see that impact.

But overall, I think it's a situation of you've gained some places, and you lost some places. But overall, we have been able to enhance the margin profiles. In 13 months, we have also experienced some bit of weakness, though with the collection efforts as the year has kind of progressed, and we have been into 3, 4 months of the financial year, we have also seen an improvement happening, but there is some bit of pressure, which is evident on the 13 months.

Though we have continued to do well with respect to our improvements in the later cohorts where you can see other cohorts, there has been an improvement coming through. But we are also closely observing this trend and making all efforts to ensure that the persistency outcome remains strong. Some bit of it could be an overall economic effect on the Indian consumer. Some bit of it is also the proportion of high-ticket sizes has reduced as time has kind of gone by. These have had also had bearing on the persistency numbers.

Prayesh Jain: Sir, do we expect some persistency variance coming in terms of EV walk or negative variance coming in the EV walk towards the end of the year?

Amrit Singh: As we stand today and as we have reported our numbers, we have not seen anything like that because, again, there have been positives and negatives which have come in both in later cohorts. But we're keeping a close eye. There are adequate buffers or conservatism, which is built into some of the new designs that we have rolled out ever since the change of regulations.

Prayesh Jain: And all the best, Sumit, for your future role, and Prashant sir, all the best to you for your future endeavors as well.

Moderator: The next question is from the line of Madhukar Ladha from Nuvama Wealth Management.

Madhukar Ladha: First, congratulations, Sumit, and all the best to Prashant, sir, for your future endeavors. So, most of my questions have been answered, but just a couple of things. Number one, on EV, what is the extent of positive economic variance? And number two, on the Axis Bank buying the additional 1% in Max Life. So, where are we in that process? Yes, those are my 2 questions.

Sumit Madan: On non-operating variance, we have had a positive number of around INR431 crore. This is aided because of interest rate softening, which has led to positives on the debt side and certain positives on the equity side. On the second question? On the 1%, yes, there are discussions. I mean, that's something Axis Bank is pursuing with the RBI. And as soon as that approval comes through, Axis Bank will be doing either a primary or secondary investment. We are awaiting an approval.

Moderator: The next question is from the line of Dipanjan Ghosh from Citigroup.

Dipanjan Ghosh: So, just a few questions from my side. First, if I look at the protection number and you mentioned that your pure protection has grown by 26%. So, if you assume like 10% of riders in the base of your overall protection, and that has also grown at like 300% plus. I just wanted to get, is it some degrowth in the health segment? I mean just wanted to triangulate the numbers within the protection segment.

Second, your protection growth for the banca has been quite strong for the last 2 or 3 quarters. So, I just want to get some sense or color in terms of what the strategies are on that channel. And the last question is in terms of the EV walk, it seems there has been a decent operating release during the quarter. So, what would be the drivers for that?

Amrit Singh: So let me take some of these questions. So, your observation is correct with respect to protection. As Prashant mentioned, the core protection growth has been 26%. And as you're kind of recalibrating or regulating the numbers, there has been a de-growth in health products, largely actually post the changes to product regulations on 1st October.

Because of the regulatory changes, there were certain weaknesses that came in the overall construct from a consumer perspective in this product, and that's led to some bit of a weakness in this health fixed benefit plan that we had launched. We continue to keep looking for innovative ways and mechanisms of improving the health product. But as things stand today, there has been a small degrowth in this particular segment.

Whereas on riders, I think it's not just riders on protection, but it is riders on unit-linked designs, rider on non-par saving designs, even rider on par. These are all ingrained as part of our conversation because, effectively, this helps enhance the sum assured of the product, which continues to be an important need from a consumer's perspective. And that journey will continue.

And it's an evolution. Industry is evolving to some of these trends that are very well-known trends, at least in the Southeast Asian market. But for at least for our country, rider, which is augmenting sum assured, is becoming a very critical conversation and is being accepted by the consumers as well.

On banks, it's an overall, I think if you really look at all the segments of choices, whether it is protection, annuity, traditional products, there has been a positive lift. It's an element of focus, which actually we have also brought along in very close alignment with our bank partners. And we do expect that we will continue holding on to this momentum.

On operating variance, I think you must have used some computations around assumptions around unwind and VNB growth to come to the largest operating variance number. But I'll just correct you that the unwind from 8.4% has come off to 8.3%. So, there is a positive operating variance, but it is not of a very large quantum. It's more like a double-digit number.

Dipanjan Ghosh: And just one data keeping question. If you can split your offline APE breakup between direct and agency?

Amrit Singh: Sorry, what was that question?

Dipanjan Ghosh: I have ask that if you can split your offline APE?

Amrit Singh: I will provide that to you separately. I just don't have it handy right now.

Moderator: The next question is from the line of Mohit Mangal from Centrum.

Mohit Mangal: First of all, congratulations to Sumit for the new role and Prashant Sir for the future endeavors. So, I got 2 questions. First is that have we done any repricing in the protection segment? Also wanted to understand what is the proportion of ROP in the protection. Secondly, we have seen that the proprietary channel growth has been low if I compare it with, say, '25 annual numbers.

So, two things in this. What do you think the proportion of the app that you launch will help in the growth, as well as what are the strategies for growing this proprietary space? If you could just elaborate, that would be.

Amrit Singh: So firstly, on protection repricing, the answer is yes, and protection repricing at various segment cohorts, wherever the opportunity allows you to do it in a calibrated manner, keeping competition and demand in play, we keep doing it. And we have done so even this quarter as well, and this is nothing new. Even in the previous quarters, I can say quarter 3, quarter 4, and quarter 1, each of these quarters. Wherever the opportunity in the segment opens-up, we continue to keep repricing it.

On ROP, there is a big opportunity to improve here. Our return on premium has come down to more like 10% levels. So, we do expect, as we focus in our own channels, that this mix should improve. Quarter 1 is a small quarter. So, I guess it's not like a big trend that you should see. It is just that there is some opportunity available for us to expand in this particular thing.

Amrit Singh: On proprietary, it's going on the APE side, I think I will request and I indicated at the start of the call, as a response to one of the participants, that it is largely concentrated in a specific channel, which is e-commerce, and also on one particular line of business, the savings business.

Otherwise, the offline proprietary channel momentum has been quite robust, growing at 18% levels. And we expect that to remain in this range-bound, even going forward as well. With respect to e-commerce, we are quite confident that as the year progresses through various innovative ways and strategies of product and kind of combining features of both market opportunities, plus guarantees and protection component, we will come back to our growth trends in that particular segment as well.

The app at this point is more of an app for engagement with the consumers and kind of building the consumer. Right now, our use case thinking and thought process there is more around enabling strong customer service. And if you take a life cycle view of it or a better engaged consumer, will definitely provide us opportunity for new sales also going forward, so as to drive our policy density and penetration. But these are just early days.

I think right now, we are only focused on ensuring that the app is meaningful to the consumer and the consumer continues to engage in multiple aspects to that. The app, as Prashant mentioned, has fairly feature-rich features, actually provides a lot of health and associated services, which have been made enabled to all our consumers at no charge to them.

And we are hoping that this engagement will develop and build further, which initially should see better outcomes on both persistency and the customer service cost that the organization incurs. Upsell, definitely a use case, but I think you have to be patient and take very long-horizon views of the overall lifetime value of consumers. We do expect that to pan out, but nothing that I cannot comment on the near term on that.

Moderator: The next question is from the line of Neeraj Toshniwal from UBS.

Neeraj Toshniwal: My question is again on persistency. I wanted to check which particular channel has seen a slip in terms of lower persistency? And has there been any impact of higher ticket sales, which were done in March 2023, as other competition highlighted that because of that has also been lower. So, are we also seeing partial impact coming from that, or it's only on new impact we are seeing? Just wanted to get more quality.

Amrit Singh: Yes. Thanks, Neeraj, for that question. This is a bit secular kind of impact across channels. So, there is no specific channel that I can point out and say that sharp drop or anything like that. And we've also seen this more on the traditional side of policy, where some bit of collection has been a little slow to start with. But having said that, as every month is progressing, we are also seeing improvements in collection trends overall.

With respect to your comment around the March '23 base, I think I did answer that question more possibly indirectly, that the proportion of greater than INR5 lakh ticket size has reduced in the business. And those greater than INR5 lakh always used to be a higher persistency policy. So, some bit of effect is also because of that.

Neeraj Toshniwal: And if you can refer to some memory on where the wallet share is in Axis Bank right now? And I just wanted some color on that.

Amrit Singh: It continues to be in that range, bound of 65% to 70% level.

Moderator: Ladies and gentlemen, that was the last question for the day. And I would now like to hand the conference over to the management for closing comments.

Amrit Singh: Thank you, everyone, for being on our call, and we look forward to more such interactions. Have a good day and a nice weekend as well. Bye.

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