

# Max Financial Services (MAXF IN)

**Q4FY26 Result  
Update**

May 13, 2026

Estimate Change |  Target |  Reco.

## Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	BUY		BUY	
Target Price	2,075		2,040	
APE (INR mn)	123,058	143,335	120,683	140,515
% Chng.	2.0	2.0		
VNB (INR mn)	30,764	35,977	29,809	35,129
% Chng.	3.2	2.4		
EV (INR mn)	340,243	400,959	352,881	417,044
% Chng.	(3.6)	(3.9)		

## Key Data

MNET.BO | MAXF IN

BSE Code	MFSL
NSE Code	500,271
52-W High / Low	INR 1,892 / INR 1,274
Face Value	2
Sensex / Nifty	74,559 / 23,380
Market Cap	INR 571 bn / \$ 5,968 mn
Shares Outstanding	345.11 mn
3M Avg. Daily Value	INR 1,523.42 mn

## Shareholding Pattern (%)

Promoters	1.25
FIIs	47.88
Mutual Funds	36.99
Domestic Institutions	7.76
Public & Others	6.12
Promoter's Pledge (INR bn)	-

## Stock Performance (%)

	1M	3M	6M	12M
Absolute	(0.1)	(8.8)	(3.8)	27.9
Relative	3.9	2.3	9.0	41.4

## Key Financials - Standalone

Y/e Mar	FY25	FY26	FY27E	FY28E
NBP (INR mn)	1,21,736	1,45,030	1,71,893	1,99,984
APE (INR mn)	87,700	1,05,020	1,23,058	1,43,335
VNB (INR mn)	21,070	26,470	30,764	35,977
Margin (%)	24.0	25.2	25.0	25.1
EV (INR mn)	2,51,920	2,88,710	3,40,243	4,00,959
EVOP (INR mn)	37,300	47,200	54,803	63,987
RoEV (%)	19.1	18.7	19.0	18.8
P/EV (x)	2.8	2.4	2.1	1.8

## Strong growth supported by margin expansion

### Quick Pointers

- Q4 APE grew 18% YoY; margin expands to 28.2%
- Expect 17% APE growth in FY27E
- Expect FY27E VNB margin to sustain at ~25% with a favourable product mix

**Q4FY26 APE grew 18% YoY driven by robust growth in protection, PAR and ULIP segment; we expect growth momentum to sustain in FY27E.** We build an APE growth of 17%/16% in FY27/FY28E driven by an uptick in retail protection/ annuity and recovery in NPAR and credit life business. Despite the drag from GST exemption, Q4 VNB margin expanded to 28.2% on re-pricing in term (by ~2-3%) and a favorable product mix. We revise our margin estimates upward by 30/ 10 bps to 25.0%/ 25.1% for FY27/ FY28E, factoring in a strong performance in FY26. We roll-forward to Mar'28 and value MAXF using the Appraisal Value framework with TP of INR 2,075 (1.9x FY28E P/EV). Reiterate 'BUY'.

**Momentum to sustain; expect 17% APE growth in FY27:** Q4 APE reported a strong growth of 18% YoY to INR35.9bn, driven by protection (+19% YoY), PAR (+13% YoY) and ULIP (+12% YoY) segments. While NPAR saw a de-growth of 12% YoY due to heightened competitive intensity and a high base in prior year, annuity grew ~3x YoY driven by the launch of newer limited pay variants. Group credit life recorded a growth of 28% in Q4 with a scale up in MFI and HL disbursements across partners. PAR/ NPAR/ ULIP/ Protection/ Annuity comprise 18%/ 18%/ 39%/ 13%/ 12% of Q4 APE. FY26 APE grew by 20% YoY to INR105bn with growth momentum expected to sustain in FY27. We build an APE growth of 17%/16% in FY27/FY28E driven by sustained momentum in retail protection/ credit life, pick-up in annuity and NPAR.

**Q4 VNB expands; FY27 VNB margin outlook positive:** Q4 VNB saw a growth of 19% YoY to INR10.1bn. Despite headwinds from GST exemption, Q4 VNB margin improved to 28.2% led by (1) a favorable product mix - strong growth in retail protection, high-sum-assured ULIP and annuity business and, (2) pricing increase of ~2-3% in the protection portfolio. Consequently, FY26 VNB grew 26% YoY to INR26.5bn while VNB margin stood at 25.2%. We revise our FY27/ FY28E VNB margin estimate upward to 25.0%/ 25.1% as the share of protection and annuity increases.

### Quarter Summary

Y/e Mar	Q4'26E	Q4'26A	% Var.	Q4'25A	YoY gr. (%)
APE (INR mn)	34,148	35,940	5.2	30,390	18.3
VNB (INR m)	8,858	10,140	14.5	8,520	19.0
Margin (%)	25.9	28.2	230 bps	28.0	18 bps

Source: Company, PL

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**EV grows 15% YoY with operating RoEV of 18.7%:** FY26 total cost ratio stood elevated at 14.6% (vs. 13.6% in FY25) due to the adverse impact of the new labor codes and ITC disallowance. Embedded value grew 15% YoY to INR288.7bn which included negative impact of non-operating variance (INR7.1bn) and GST/labor law impact (INR3.1bn) while operating RoEV stood at 18.7%. 13M persistency dropped to 85% for 11MFY26 (vs. 87% for 11MFY25) due to poor performance of certain cohorts (O-surrender policies) while 61M persistency improved to 58% vs 53% YoY. The management highlighted taking corrective action in the segment with a reduction in the proportion of these policies in the overall book. AUM grew 8.4% YoY to INR1,897.5bn while solvency continued to be comfortable at 194%.

**Both banca and proprietary contributing to growth:** Proprietary and partnership channels contributed 39.2% and 60.8% respectively to Q4 APE. Growth was led by the proprietary channel (24% YoY) across agency, direct and e-commerce. Online proprietary channel grew 45% YoY while offline channels saw a growth of 19% YoY. Banca grew 18% YoY led by increase in counter-share of new partners (+40% YoY) while Axis Bank grew 9% in Q4. Company expects growth from the Axis Bank channel to improve to double-digits (vs. 8% in FY26), while growth from non-Axis Bank partners to stabilize in FY27E.

**Exhibit 1 : Q4FY26 Results Overview**

Particulars (INR mn)	4QFY26	4QFY25	YoY gr.	3QFY26	QoQ gr.	FY26	FY25	YoY gr.
New Business Premium	48,587	40,822	19.0%	36,574	32.8%	145,030	121,736	19.1%
Renewal premium	88,233	77,800	13.4%	60,475	45.9%	243,740	210,490	15.8%
Gross Written Premium	136,820	118,622	15.3%	97,048	41.0%	388,770	332,226	17.0%
<b>Total APE</b>	<b>35,940</b>	<b>30,390</b>	<b>18.3%</b>	<b>27,330</b>	<b>31.5%</b>	<b>105,020</b>	<b>87,700</b>	<b>19.7%</b>
Solvency (%)	194	201		201		194	201	
AUM (Rs bn)	1,898.0	1,750.7	8.4%	1,926.9	-1.5%	1,898.0	1,750.7	8.4%
<b>VNB</b>	<b>10,140</b>	<b>8,520</b>	<b>19.0%</b>	<b>6,590</b>	<b>53.9%</b>	<b>26,470</b>	<b>21,070</b>	<b>25.6%</b>
VNB margin	28.2	28.0	18bps	24.1	410bps	25.2	24.0	120bps
<b>Embedded Value (Rs bn)</b>	<b>288.7</b>	<b>251.9</b>	<b>14.6%</b>	<b>281.1</b>	<b>2.7%</b>	<b>288.7</b>	<b>251.9</b>	<b>14.6%</b>
Op RoEV (%)	18.7	19.1	-40bps	16.9	180bps	18.7	19.1	-40bps

Source: Company, PL

**Exhibit 2 : Change in Estimates**

(INR mn)	Revised estimate		Earlier estimate		% Revision	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
APE	123,058	143,335	120,683	140,515	2.0	2.0
VNB	30,764	35,977	29,809	35,129	3.2	2.4
VNB margin (%)	25	25.1	24.7	25	30bps	10bps
EV	340,243	400,959	352,881	417,044	-3.6	-3.9

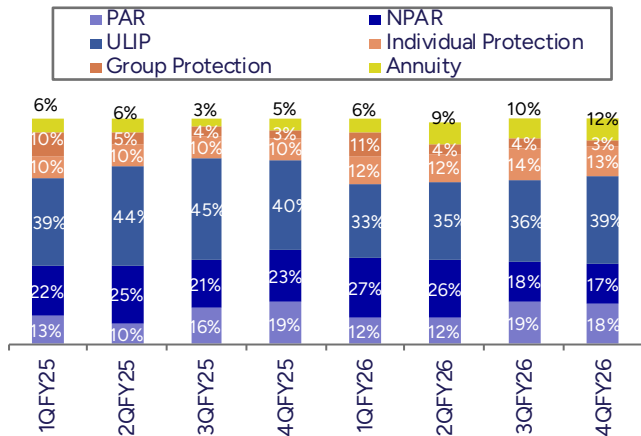
Source: PL

Exhibit 3 : Appraisal value framework

	Value (INR mn)
FY28 VNB	35,977
VNB Multiple	16.9x
<b>Structural Value - (A)</b>	<b>607,487</b>
Embedded Value, F27E - (B)	340,243
<b>Appraisal Value- (A) + (B)</b>	<b>947,730</b>
Max Financial Services Ltd. Stake (%)	81%
No. of shares o/s (#)	767,661
Holding company discount	7%
No. of shares o/s (#)	345.1
<b>Value per share (Rs)</b>	<b>2,075</b>
<b>Implied P/EV, F28</b>	<b>1.9x</b>

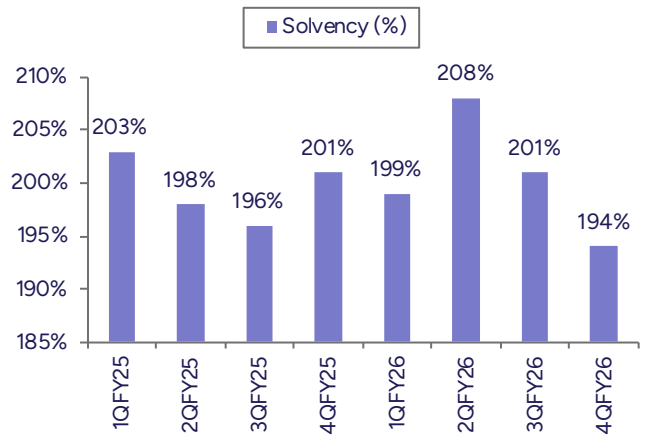
Source: PL

Exhibit 4 : APE mix trend by product segment (%)



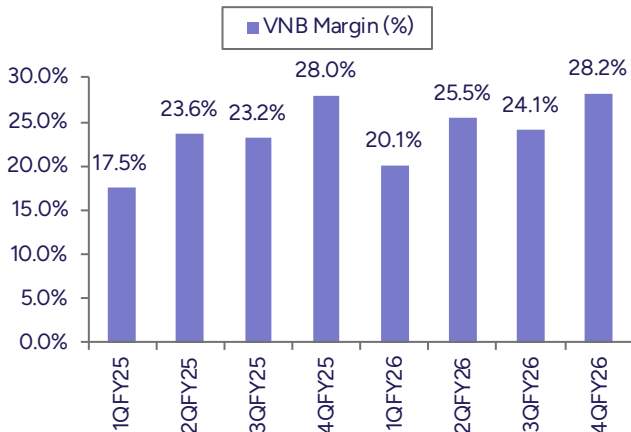
Source: Company, PL

Exhibit 5 : Solvency ratio comfortable at 194%



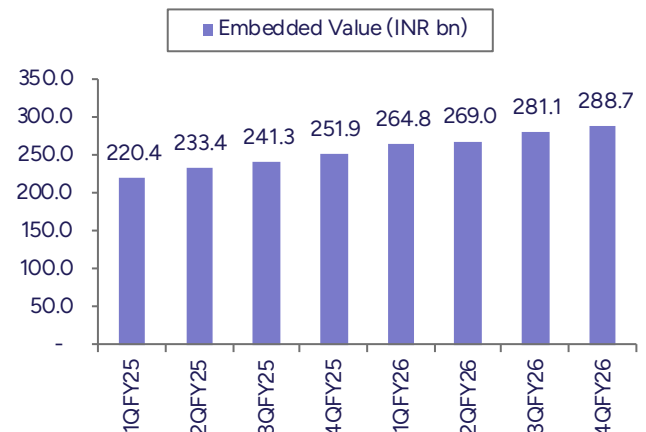
Source: Company, PL

Exhibit 6 : VNB margin improves 18bps YoY to 28.2%



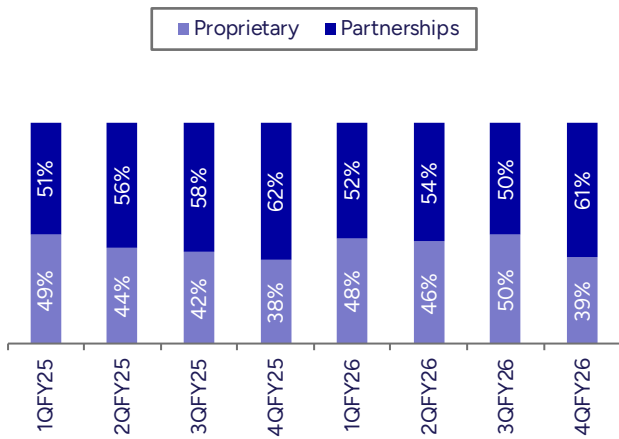
Source: Company, PL

Exhibit 7 : Embedded value grew by ~15% to INR288.7bn



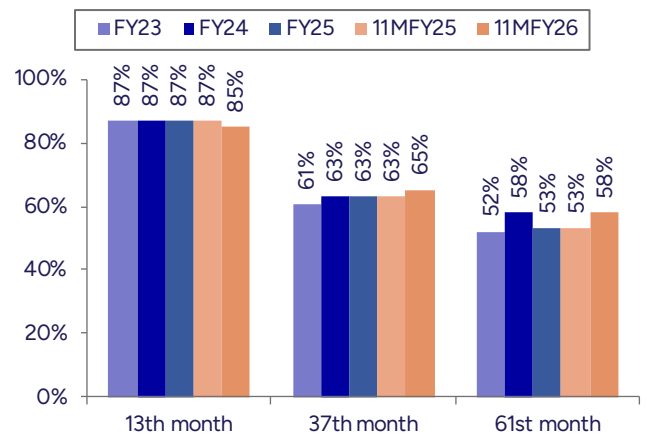
Source: Company, PL

Exhibit 8 : Share of partnership channels see an increase in Q4



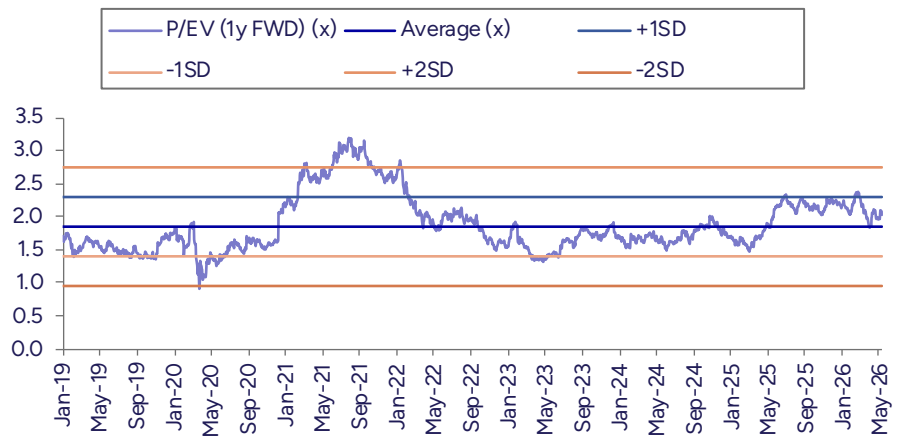
Source: Company, PL

Exhibit 9 : 13M persistency drops to 85% while 61M improves to 58%



Source: Company, PL

Exhibit 10 : One-year forward P/EV of MAXF trades at 2.0x



Source: Company, PL

## Financials

### Revenue Account (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
FYP (first year premium)	81,995	98,850	117,632	137,041
SP (single premium)	39,741	46,180	54,262	62,943
<b>NBP (new business premium)</b>	<b>121,736</b>	<b>145,030</b>	<b>171,893</b>	<b>199,984</b>
RP (renewal premium)	210,490	243,740	287,776	344,596
<b>Gross premium</b>	<b>332,226</b>	<b>388,770</b>	<b>459,669</b>	<b>544,580</b>
(-) Reinsurance ceded	6,250	7,313	9,193	10,892
<b>Net premium</b>	<b>325,977</b>	<b>381,457</b>	<b>450,475</b>	<b>533,688</b>
Investment & other income	132,119	143,260	154,009	176,781
<b>Total income</b>	<b>458,179</b>	<b>524,717</b>	<b>604,484</b>	<b>710,469</b>
- Commission expenses	31,449	36,238	41,894	49,099
- Operating expenses	45,140	52,484	60,676	70,795
- Provision for doubtful debts and taxes	2,717	2,789	3,290	3,894
<b>Operating surplus</b>	<b>378,872</b>	<b>433,205</b>	<b>498,624</b>	<b>586,680</b>
- Benefits paid (net)	170,258	190,728	202,714	236,958
- Interim & terminal bonuses paid	25	20	20	20
- Change in reserves	205,253	238,333	289,547	340,825
<b>Pre-tax surplus / (deficit)</b>	<b>3,336</b>	<b>4,123</b>	<b>6,343</b>	<b>8,878</b>
Provisions for tax	-	-	-	-
<b>Post-tax surplus / (deficit)</b>	<b>3,336</b>	<b>4,123</b>	<b>6,343</b>	<b>8,878</b>

Source: Company, PL

### P&L Account (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
T/f from technical a/c	2,777	3,299	5,074	7,546
Investment & other income	6,129	8,989	9,499	10,145
<b>Total income</b>	<b>8,907</b>	<b>12,288</b>	<b>14,573</b>	<b>17,691</b>
<b>Total expenses</b>	<b>4,423</b>	<b>5,086</b>	<b>6,103</b>	<b>7,324</b>
PBT	4,484	7,202	8,470	10,368
Provision for tax	420	900	1,059	1,296
<b>PAT</b>	<b>4,064</b>	<b>6,302</b>	<b>7,411</b>	<b>9,072</b>

Source: Company, PL

### Balance Sheet (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
<b>Sources of Funds</b>				
<b>Shareholders' fund</b>	<b>61,244</b>	<b>65,575</b>	<b>73,024</b>	<b>82,147</b>
Policy Liabilities	1,672,958	1,901,643	2,191,480	2,532,597
Funds for future appropriations	42,470	67,923	69,192	70,524
<b>Total</b>	<b>1,776,671</b>	<b>2,035,141</b>	<b>2,333,696</b>	<b>2,685,268</b>
<b>Application of Funds</b>				
Shareholders investments	90,932	100,025	115,028	132,283
Policyholder investments	1,182,110	1,386,187	1,625,494	1,906,116
Assets held to cover linked liabilities	477,681	516,484	558,439	603,802
Net other and current assets	25,949	32,446	34,735	43,067
<b>Total</b>	<b>1,776,671</b>	<b>2,035,141</b>	<b>2,333,696</b>	<b>2,685,268</b>

Source: Company, PL

### Embedded Value (EV) (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
<b>Opening EV</b>	<b>194,940</b>	<b>251,920</b>	<b>288,710</b>	<b>340,243</b>
Unwind	16,180	20,530	23,528	27,560
VNB	21,070	26,470	30,764	35,977
Operating variance	50	200	510	450
<b>EV Operating profit (EVOP)</b>	<b>37,300</b>	<b>47,200</b>	<b>54,803</b>	<b>63,987</b>
Non-operating variance	3,560	(7,140)	-	-
<b>EV Profit</b>	<b>40,860</b>	<b>40,060</b>	<b>54,803</b>	<b>63,987</b>
Net capital injection/GST impact	16,120	(3,270)	(3,270)	(3,270)
<b>Closing EV</b>	<b>251,920</b>	<b>288,710</b>	<b>340,243</b>	<b>400,959</b>

Source: Company, PL

### Key Ratios

Y/e Mar	FY25	FY26	FY27E	FY28E
<b>Growth (%)</b>				
APE	10.4	19.1	17.2	16.5
Renewal premium	13.7	15.8	18.1	19.7
Net premium	12.5	17.0	18.1	18.5
PAT	13.0	55.1	17.6	22.4
Total AUM	16.1	14.4	14.8	14.9
Total Assets	15.5	14.5	14.7	15.1

### Expense analysis (%)

Commission ratio	9.5	9.3	9.1	9.0
Opex ratio	13.6	13.5	13.2	13.0
Claims ratio	52.2	50.0	45.0	44.4
P/hs' opex / Avg P/hs' AUM	2.9	2.9	3.0	3.0

### Profitability analysis (%)

RoA	0.2	0.3	0.3	0.4
RoE	8.0	9.9	10.7	11.7
RoEV	19.1	18.7	19.0	18.8
VNB Margin	24.0	25.2	25.0	25.1
S/hs'AUM yield	8.2	8.2	8.2	8.2
P/hs'AUM yield	8.4	7.9	7.3	7.1

### Balance sheet analysis (x)

P/hs' funds / P/hs' AUM	1.0	1.0	1.0	1.0
P/hs' liabilities / Net worth	28.0	30.0	31.0	31.7

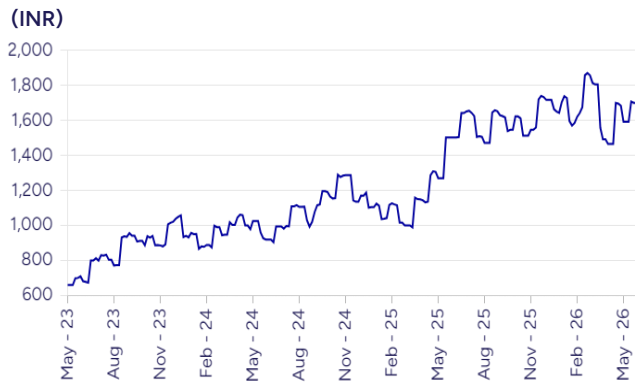
### Per share data (Rs)

EPS	9.5	14.8	17.4	21.3
BVPS	141.8	153.2	170.6	191.9
EVPS	591.3	677.6	798.6	941.1

### Valuation data (x)

P/E	173.4	111.8	95.1	77.7
P/BV	11.7	10.8	9.7	8.6
P/EV	2.8	2.4	2.1	1.8

Source: Company, PL

**Price Chart**

**Recommendation History**

No.	Date	Rating	TP (INR)	Share Price (INR)
1	07-Apr-26	BUY	2040	1491
2	12-Feb-26	BUY	2050	1734
3	05-Jan-26	BUY	1925	1672
4	01-Dec-25	BUY	1925	1702
5	12-Nov-25	BUY	1925	1718
6	06-Oct-25	BUY	1850	1604
7	10-Sep-25	BUY	1850	1597
8	07-Jul-21	Accumulate	1120	1051
9	09-Jun-21	Accumulate	1120	996
10	08-Apr-21	Accumulate	995	890

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	AAVAS Financiers	Accumulate	1585	1446
2	Bajaj Finance	BUY	1100	930
3	Can Fin Homes	BUY	1075	915
4	Cholamandalam Investment and Finance Company	Buy	1950	1640
5	HDFC Life Insurance Company	Buy	835	632
6	Home First Finance Company India	Accumulate	1350	1215
7	ICICI Prudential Life Insurance Company	Buy	700	547
8	LIC Housing Finance	HOLD	550	530
9	Mahindra & Mahindra Financial Services	Accumulate	325	294
10	Max Financial Services	BUY	2040	1491
11	SBI Life Insurance Company	Buy	2200	1885
12	Shriram Finance	BUY	1200	1011
13	Sundaram Finance	Accumulate	5500	4887

**PL's Recommendation Nomenclature (Absolute Performance)**

<b>BUY</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly

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