RATING BUY | CMP INR 1,512 | TP INR 2,025

PL Capital
PRABHUDAS LILLADHER

Max Financial Services (MAXF IN)

Q1FY27 Result Update

August 14, 2026

☑ Estimate Change | ☑ Target | ■ Reco.

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	BUY		BUY	
Target Price	2,025		2,035	
APE (INR mn)	122,011	142,199	123,058	143,335
% Chng.	*(0.9)*	*(0.8)*		
VNB (INR mn)	30,503	35,692	30,764	35,977
% Chng.	*(0.8)*	*(0.8)*		
EV (INR mn)	339,981	400,051	340,243	400,959
% Chng.	*(0.1)*	*(0.2)*		

Key Data MNET.BO | MAXF IN

BSE Code	MFSL
NSE Code	500,271
52-W High / Low	INR 1,892 / INR 1,408
Face Value	2
Sensex / Nifty	78,080 / 24,396
Market Cap	INR 522 bn / $ 5,469 mn
Shares Outstanding	345.11 mn
3M Avg. Daily Value	INR 1,270.71 mn

Shareholding Pattern (%)

Promoters	1.25
FIIs	48.06
Mutual Funds	36.76
Domestic Institutions	7.59
Public & Others	6.35
Promoter's Pledge (INR bn)	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	(7.3)	(5.4)	(17.1)	(4.8)
Relative	(7.9)	(9.6)	(12.3)	(1.8)

Key Financials - Standalone

Y/e Mar	FY25	FY26	FY27E	FY28E
NBP (INR mn)	1,21,736	1,45,030	1,72,350	2,01,347
APE (INR mn)	87,700	1,05,020	1,22,011	1,42,199
VNB (INR mn)	21,070	26,470	30,503	35,692
Margin (%)	*24.0*	*25.2*	*25.0*	*25.1*
EV (INR mn)	2,51,920	2,88,710	3,39,981	4,00,051
EVOP (INR mn)	37,300	47,200	54,541	63,340
RoEV (%)	*19.1*	*18.7*	*18.9*	*18.6*
P/EV (x)	2.6	2.2	1.9	1.6

Healthy growth trend; favourable mix supports margin

Quick Pointers

- Q1 APE grew 15% YoY; expect a growth of 16% in FY27E
- Expect FY27E VNB margin to sustain at ~25% with a favourable product mix
- Reiterate BUY with a multiple of 1.9x FY28E P/EV and TP of INR 2,025

Q1FY27 APE grew 15% YoY led by robust growth in protection, PAR and annuity segment; we expect growth momentum to sustain in FY27E supported by continued traction in protection/annuity, increasing contribution from newer partnerships and expansion to tier 2/3 markets. Q1 VNB margin expanded to 23.2% driven by favourable yield-curve movement and higher protection mix/operating leverage. We slightly tweak our APE growth estimates at 16%/17% for FY27/FY28E and retain our margin estimates at 25.0%/ 25.1% for FY27/ FY28E. We value MAXF using the Appraisal Value framework with an unchanged multiple of 1.9x FY28E P/EV and TP of INR2,025. Reiterate 'BUY'.

Growth sustains; protection and annuity remain key drivers: Q1 APE reported a healthy growth of 15% YoY to INR19.2bn, led by PAR (+48% YoY), protection (+44% YoY) and annuity (+116% YoY) segments. NPAR declined 41% YoY on a high base; company expects growth to recover in subsequent quarters. Growth in annuity was driven by successful product launches in Q3FY26 and a favourable base, while the newly launched product - Smart Rise is expected to provide an additional growth catalyst in the coming quarters. Management reiterated its focus on sustaining growth in the protection and annuity segments. PAR/ NPAR/ ULIP/ Protection/ Annuity comprise 15%/ 14%/ 34%/ 25%/ 12% of Q1 APE. We build an APE growth of 16%/17% in FY27/FY28E driven by sustained momentum in protection, annuity and recovery in NPAR.

VNB margin expands; favourable mix to support sustainability: Q1 VNB saw a robust growth of 33% YoY to INR4.4bn while VNB margin expanded ~315bps YoY to 23.2% driven by a favourable movement in yield curve (~70%) and higher protection mix/operating leverage (~30%). The expansion in margin offset the adverse impact of GST exemption, with no meaningful residual impact expected going forward. While the lower yield curve in Q2 is likely to reverse part of the benefit, management remains confident of sustaining the margin profile through FY27. Proprietary business continues to carry a higher margin than the company average, while the increasing contribution from protection and annuity is likely to support VNB growth. Given the broadly similar margin profile of annuity and NPAR, the decline in NPAR had limited impact on the overall margin. We retain our estimate of FY27/ FY28E VNB margin at 25.0%/ 25.1% as the share of protection and annuity increases.

Quarter Summary

Y/e Mar	Q1'27E	Q1'27A	*% Var.*	Q1'26A	*YoY gr. (%)*
APE (INR mn)	19,511	19,220	*-1.5*	16,680	*15.2*
VNB (INR m)	4,488	4,460	*-0.6*	3,350	*33.1*
Margin (%)	23.0	23.2	*20 bps*	20.1	*315 bps*

Source: Company, PL

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Operating leverage improves; capital position comfortable: Q1 total cost ratio improved to 16.0% (vs. 17.8% YoY) led by higher channel productivity. The company implemented cost-control measures following the GST changes, providing incremental support to operating efficiency. Embedded value grew 15% YoY to INR304.1bn while operating RoEV stood at 14.9%. While longer term persistency continued to improve, 13M persistency dropped to 83% for 2MFY27 (vs. 86% for 2MFY26) due to the residual impact of a specific product variant which was discontinued in March; management expects the cohort to normalize over the coming quarters. AUM grew 11% YoY to INR2,026.2bn with solvency comfortable at 198% aided by Axis Bank's additional 0.98% stake acquisition for INR3.8bn. While the bank is keen on increasing its stake to 30%, management sees no specific need for raising capital over the next 2-3 quarters.

Tier 2/3 expansion to drive channel growth: Proprietary and partnership channels contributed 47% and 53% respectively to Q1 APE. Proprietary growth remained healthy at 15% YoY, with online and offline businesses grew 27%/9% YoY in Q1FY27. Partnership channel grew 16% YoY, driven by 14% YoY growth in Axis Bank and 21% YoY growth across other partners, highlighting increasing diversification beyond Axis. Commentary highlighted ~45% of group credit business is sourced from partnerships added over the past three years. Further, ~65% of customers are from Tier 2/3 markets with healthy traction across both digital and traditional channels. We believe the increasing contribution from newer banca partners and expansion in tier 2/3 markets is likely to provide a meaningful runway for proprietary and partnership-led growth.

Exhibit 1: Q1FY27 Result Overview

Particulars (INR mn)	1QFY27	1QFY26	*YoY gr.*	4QFY26	*QoQ gr.*	FY27E	FY26	*YoY gr.*
New Business Premium	29,680.0	25,235.0	*17.6%*	48,589.7	*-38.9%*	172,349.7	145,030.0	*18.8%*
Renewal premium	46,390.0	38,730.4	*19.8%*	88,229.4	*-47.4%*	286,918.8	243,740.0	*17.7%*
Gross Written Premium	76,070.0	63,965.4	*18.9%*	136,819.1	*-44.4%*	459,268.5	388,770.0	*18.1%*
Total APE	**19,220.0**	**16,680.0**	***15.2%***	**35,940.0**	***-46.5%***	**122,010.9**	**105,020.0**	***16.2%***
AUM (INR bn)	2,026.2	1,832.1	*10.6%*	1,897.9	*6.8%*	2,071.0	1,897.9	*9.1%*
VNB	**4,460.0**	**3,350.0**	***33.1%***	**10,140.0**	***-56.0%***	**30,502.7**	**26,470.0**	***15.2%***
VNB margin (%)	*23.2*	*20.1*	*315 bps*	*28.2*	*-501 bps*	*25.0*	*25.2*	*-20 bps*
Embedded Value (INR bn)	304.2	264.8	*14.87%*	288.7	*5.3%*	340.0	288.7	*17.8%*
Op RoEV (%)	14.9	14.3	*60 bps*	18.7	*-380 bps*	18.9	18.7	*19 bps*

Source: Company, PL

Exhibit 2: Change in Estimates

(INR mn)	Revised estimate		Earlier estimate		*% Revision*	
	FY27E	FY28E	FY27E	FY28E	*FY27E*	*FY28E*
APE	122,011	142,199	123,058	143,335	*-0.9*	*-0.8*
VNB	30,503	35,692	30,764	35,977	*-0.9*	*-0.8*
VNB margin (%)	25.0	25.1	25.0	25.1	*0bps*	*0bps*
EV	339,981	400,051	340,243	400,959	*-0.1*	*-0.2*

Source: PL

Exhibit 3: Appraisal value framework

	Value (INR mn)
FY28 VNB	35,692
VNB Multiple	16.5x
Structural Value - (A)	**588,106**
Embedded Value, F27E - (B)	339,981
Appraisal Value- (A) + (B)	**928,087**
Max Financial Services Ltd. Stake (%)	81%
No. of shares o/s (#)	751,751
Holding company discount	7%
No. of shares o/s (#)	345.1
Value per share (Rs)	**2,025**
Implied P/EV, F28E	**1.9x**

Source: PL

Q1FY27 Concall Highlights

Growth

- Protection grew 44% YoY led by 57% growth in riders reflecting increasing demand for comprehensive protection.
- Management remains focused on VNB growth outpacing APE growth.
- Annuity growth was driven by successful launches in Q3FY26, strong acceptance across distribution channels and a favourable low base.
- Newly launched Smart Rise variable annuity is expected to provide an additional growth catalyst in coming quarters.
- NPAR de-growth is expected to moderate and gradually turn positive aided by a favourable base effect as FY26 had a higher base.
- Launched USD-denominated Smart Gift Plan for NRIs and Aura proposition for HNIs, expanding the addressable customer base.
- PAR/NPAR mix is expected to vary across quarters depending on product launches and distribution push rather than follow a linear trend.
- Axis Bank remains No.1 with ~65–70% counter-share; Company is also No.1 at Yes Bank. It has built >25% counter-share in four of the seven banks added in recent years.

Margin

- Of the 315bps YoY VNB margin improvement, ~70% was driven by favourable yield curve, while ~30% came from protection mix and operating leverage.
- Management remains confident of sustaining the margin profile through FY27.
- Lower yield curve could reverse part of the margin benefit in Q2.
- Proprietary channel carries a higher margin than the company average.
- Margin profiles of annuity and NPAR are broadly similar, limiting the margin impact from NPAR de-growth.

- Cost-control initiatives post GST across travel, administrative and advertising/marketing expenses provided room for additional operating leverage.

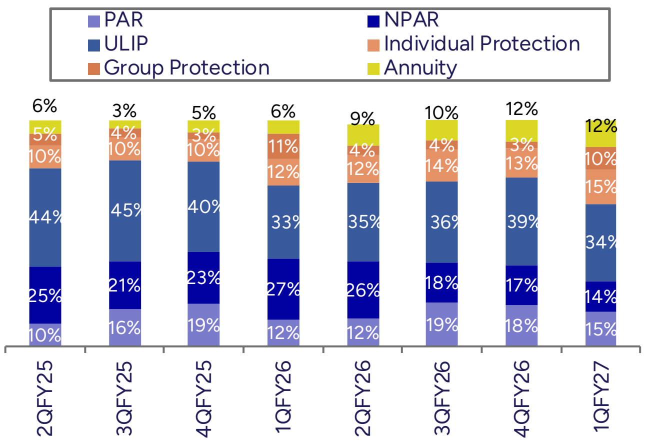
Distribution

- Company remains committed to expanding its distribution footprint.
- Company is investing across agents, banking, e-commerce and other channels to deepen presence beyond Tier 1 markets.
- Regional/small finance bank partnerships are strengthening presence in smaller cities and underserved markets.
- In-house D2C engine is generating strong traffic, healthy customer profiles and good business quality, reducing reliance on aggregators.
- Offline proprietary growth was impacted by specific deliberate policy cancellations; excluding these, underlying growth would have been robust.
- Different distribution channels have different efficiency/economics; hence impact of commission changes is unlikely to be uniform across channels.

Others

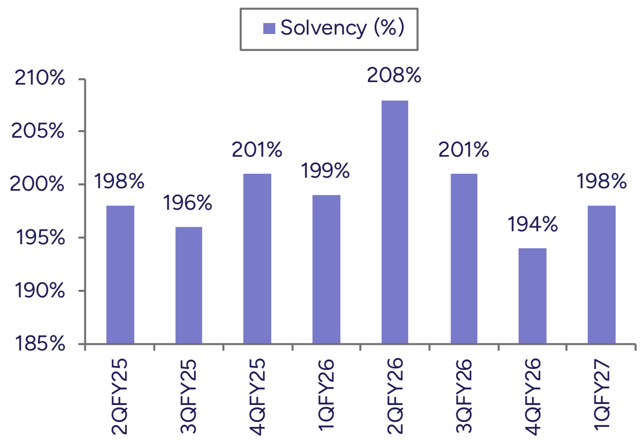
- Axis Bank acquired an additional 0.98% stake for INR3.8bn, taking its holding to 19.99%.
- Axis Bank remains keen to increase its stake to 30%, currently evaluating the opportunity following changes in banking regulations.
- QIP approval remains valid until May 2027 and provides flexibility for future growth capital requirements.
- 13M persistency impacted by a specific product variant, which was discontinued in March.

Exhibit 4: Protection and annuity mix remains healthy in Q1



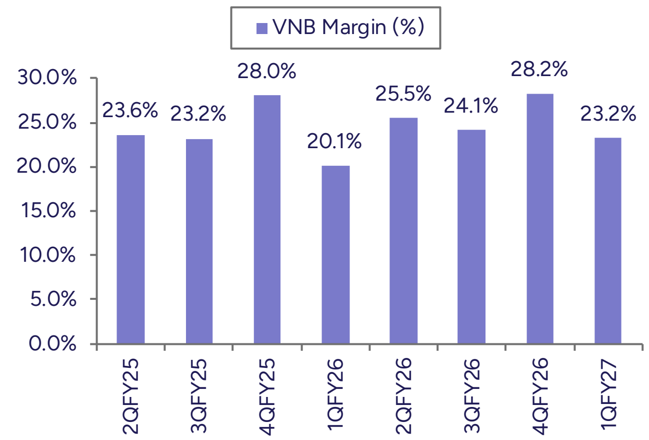
Source: Company, PL

Exhibit 5: Solvency ratio comfortable at 198%



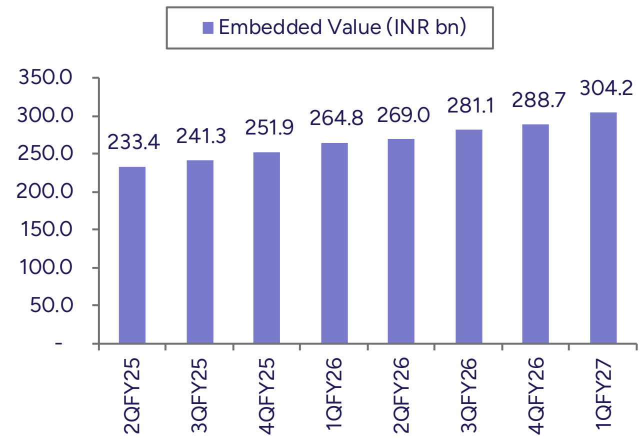
Source: Company, PL

Exhibit 6: VNB margin expands 315bps YoY to 23.2%



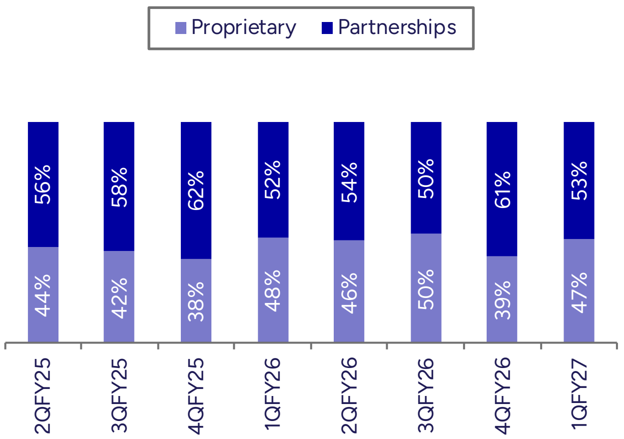
Source: Company, PL

Exhibit 7: Embedded value grew by ~15% to INR304.2bn



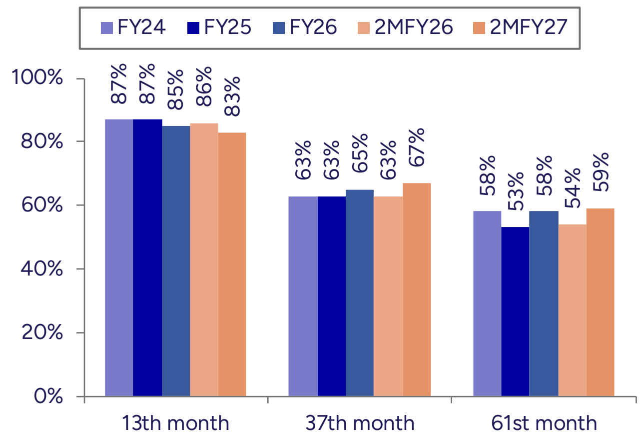
Source: Company, PL

Exhibit 8: Distribution remains well diversified across channels



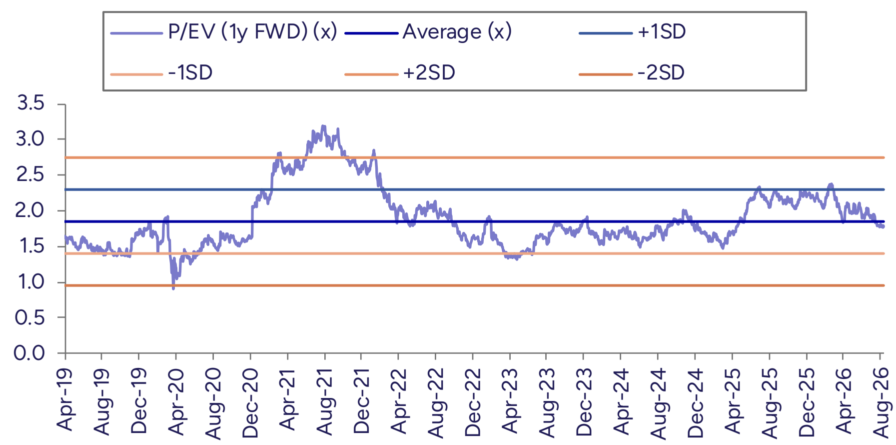
Source: Company, PL

Exhibit 9: 13M persistency drops to 83% while 61M improves to 59%



Source: Company, PL

Exhibit 10: One-year forward P/EV of MAXF trades at 1.8x



Source: Company, PL

Financials

Revenue Account (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
FYP (first year premium)	81,995	97,830	116,418	135,627
SP (single premium)	39,741	47,200	55,932	65,720
NBP (new business premium)	**121,736**	**145,030**	**172,350**	**201,347**
RP (renewal premium)	210,490	243,740	286,919	342,836
Gross premium	**332,226**	**388,770**	**459,269**	**544,183**
(-) Reinsurance ceded	6,250	7,720	9,185	10,884
Net premium	**325,977**	**381,050**	**450,083**	**533,299**
Investment & other income	132,119	89,984	142,273	154,888
Total income	**458,179**	**471,141**	**592,356**	**688,187**
- Commission expenses	31,449	40,849	47,259	53,330
- Operating expenses	45,140	56,631	66,594	76,186
- Provision for doubtful debts and taxes	2,717	1,779	3,541	4,193
Operating surplus	**378,872**	**371,882**	**474,962**	**554,479**
- Benefits paid (net)	170,258	200,940	193,536	221,319
- Interim & terminal bonuses paid	25	23	20	20
- Change in reserves	205,253	171,655	279,592	329,167
Pre-tax surplus / (deficit)	**3,336**	**(736)**	**1,814**	**3,972**
Provisions for tax	-	-	-	-
Post-tax surplus / (deficit)	**3,336**	**(736)**	**1,814**	**3,972**

Source: Company, PL

P&L Account (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
T/f from technical a/c	2,777	4,510	1,814	3,575
Investment & other income	6,129	8,242	9,840	10,510
Total income	**8,907**	**12,752**	**11,654**	**14,085**
Total expenses	**4,423**	**9,565**	**11,478**	**13,774**
PBT	4,484	3,187	176	311
Provision for tax	420	414	23	40
PAT	**4,064**	**2,773**	**153**	**271**

Source: Company, PL

Balance Sheet (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
Sources of Funds				
Shareholders' fund	**61,244**	**62,582**	**60,296**	**60,312**
Policy Liabilities	1,672,958	1,812,996	2,074,551	2,403,619
Funds for future appropriations	42,470	45,309	61,853	62,250
Total	**1,776,671**	**1,920,887**	**2,196,699**	**2,526,180**
Application of Funds				
Shareholders investments	90,932	96,838	111,364	128,068
Policyholder investments	1,182,110	1,324,809	1,484,734	1,663,964
Assets held to cover linked liabilities	477,681	476,299	474,922	473,548
Net other and current assets	25,949	22,940	125,680	260,599
Total	**1,776,671**	**1,920,887**	**2,196,699**	**2,526,180**

Source: Company, PL

Embedded Value (EV) (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
Opening EV	**194,940**	**251,920**	**288,710**	**339,981**
Unwind	16,180	20,530	23,528	27,198
VNB	21,070	26,470	30,503	35,692
Operating variance	50	200	510	450
EV Operating profit (EVOP)	**37,300**	**47,200**	**54,541**	**63,340**
Non-operating variance	3,560	(7,140)	-	-
EV Profit	**40,860**	**40,060**	**54,541**	**63,340**
Net capital injection	16,120	(3,270)	(3,270)	(3,270)
Closing EV	**251,920**	**288,710**	**339,981**	**400,051**

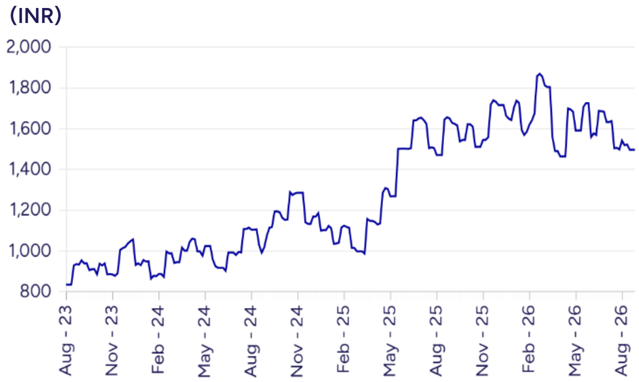
Source: Company, PL

Key Ratios

Y/e Mar	FY25	FY26	FY27E	FY28E
Growth (%)				
APE	10.4	19.1	16.2	16.5
Renewal premium	13.7	15.8	17.7	19.5
Net premium	12.5	16.9	18.1	18.5
PAT	13.0	(31.8)	(94.5)	76.9
Total AUM	16.1	8.4	9.1	9.4
Total Assets	15.5	8.1	14.4	15.0
Expense analysis (%)				
Commission ratio	9.5	10.5	10.3	9.8
Opex ratio	13.6	14.6	14.5	14.0
Claims ratio	52.2	52.7	43.0	41.5
P/hs' opex / Avg P/hs' AUM	2.9	3.3	3.5	3.7
Profitability analysis (%)				
RoA	0.2	0.2	-	-
RoE	8.0	4.5	0.2	0.4
RoEV	19.1	18.7	18.9	18.6
VNB Margin	24.0	25.2	25.0	25.1
S/hs'AUM yield	8.2	8.8	8.8	8.8
P/hs'AUM yield	8.4	5.1	7.2	6.7
Balance sheet analysis (x)				
P/hs' funds / P/hs' AUM	1.0	1.0	1.1	1.1
P/hs' liabilities / Net worth	28.0	29.7	35.4	40.9
Per share data (Rs)				
EPS	9.5	6.5	0.4	0.6
BVPS	141.8	148.5	145.5	146.1
EVPS	591.3	677.6	798.0	938.9
Valuation data (x)				
P/E	159.8	234.1	4,244.6	2,399.4
P/BV	10.8	10.3	10.5	10.4
P/EV	2.6	2.2	1.9	1.6

Source: Company, PL

Price Chart



Recommendation History

No.	Date	Rating	TP (INR)	Share Price (INR)
1	06-Jul-26	BUY	2035	1597
2	13-May-26	Buy	2075	1654
3	07-Apr-26	BUY	2040	1491
4	12-Feb-26	BUY	2050	1734
5	05-Jan-26	BUY	1925	1672
6	01-Dec-25	BUY	1925	1702
7	12-Nov-25	BUY	1925	1718
8	06-Oct-25	BUY	1850	1604
9	10-Sep-25	BUY	1850	1597
10	07-Jul-21	Accumulate	1120	1051

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	AAVAS Financiers	Accumulate	1675	1522
2	Bajaj Finance	Accumulate	1125	1054
3	BSE	Buy	4850	3618
4	Can Fin Homes	BUY	1075	857
5	Cholamandalam Investment and Finance Company	Accumulate	1950	1753
6	HDFC Life Insurance Company	BUY	765	569
7	Home First Finance Company India	BUY	1385	1181
8	ICICI Prudential Life Insurance Company	BUY	715	525
9	LIC Housing Finance	HOLD	550	523
10	Mahindra & Mahindra Financial Services	Accumulate	380	350
11	Max Financial Services	BUY	2035	1597
12	SBI Life Insurance Company	BUY	2200	1859
13	Shriram Finance	BUY	1250	1005
14	Sundaram Finance	Accumulate	5070	4829

PL's Recommendation Nomenclature (Absolute Performance)

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

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