

Max Financial Services (MAXF IN)

**Q2FY27 Result
Update**

October 28, 2026

☒ Estimate Change | ☐ Target | ☐ Reco.

Change in Estimates

	Current		Previous	
	FY28E	FY29E	FY28E	FY29E
Rating	BUY		BUY	
Target Price	2,025		2,025	
APE (INR mn)	140,399	163,629	142,199	165,727
% Chng.	(1.3)	(1.3)		
VNB (INR mn)	35,802	41,562	35,692	41,598
% Chng.	0.3	(0.1)		
EV (INR mn)	400,531	471,315	400,051	470,833
% Chng.	0.1	0.1		

Key Data

MNET.BO | MAXF IN

BSE Code	MFSL
NSE Code	500,271
52-W High / Low	INR 1,892 / INR 1,193
Face Value	2
Sensex / Nifty	73,599 / 22,750
Market Cap	INR 425 bn / \$ 4,467 mn
Shares Outstanding	345.11 mn
3M Avg. Daily Value	INR 1,576.98 mn

Shareholding Pattern (%)

Promoters	125
FIs	48.62
Mutual Funds	35.49
Domestic Institutions	8.21
Public & Others	6.44
Promoter's Pledge (INR bn)	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	(15.5)	(18.5)	(23.2)	(18.7)
Relative	(15.2)	(14.9)	(19.3)	(6.3)

Key Financials - Standalone

Y/e Mar	FY26	FY27E	FY28E	FY29E
NBP (INR mn)	1,45,030	1,70,663	1,98,798	2,32,248
APE (INR mn)	1,05,020	1,20,962	1,40,399	1,63,629
VNB (INR mn)	26,470	30,845	35,802	41,562
Margin (%)	25.2	25.5	25.5	25.4
EV (INR mn)	2,88,710	3,40,323	4,00,531	4,71,315
EVOP (INR mn)	47,200	54,883	63,477	74,054
RoEV (%)	18.7	19.0	18.7	18.5
P/EV (x)	1.8	1.6	1.3	1.1

H2 recovery in focus; margin expansion expected

Quick Pointers

- H1 APE grew 11% YoY; expect a growth of 15% in FY27E
- Expect FY27E VNB margin to improve to 25.5% with a favourable product mix

H1FY27 APE grew 11% YoY led by robust annuity/ PAR growth; however NPAR continued to decline in Q2 due to a high base effect. Management remains focused on expanding its protection and retirement segments while strong growth in newer partners and online channel offers a runway for diversification in distribution. We tweak our APE growth estimates to 15%/16% for FY27/FY28E factoring in softer H1 performance and a high base in H2FY26. Q2 VNB margin expanded to 27.0% driven by a favourable product mix. We raise our margin estimates to 25.5% for FY27/FY28E on account of higher contribution from margin-accretive products and operating leverage benefits. We roll-forward our valuation to FY29E and value MAXF using the Appraisal Value framework at 1.6x FY29E P/EV (vs. 1.9x earlier), arriving at a TP of INR2,025. Reiterate 'BUY'.

Annuity/ PAR drives growth; growth recovery in H2 is key: Q2 APE grew by 8.3% YoY to INR27.2bn, led by annuity (+119% YoY), PAR (+20% YoY), ULIP (+12% YoY) and protection (+9% YoY). NPAR declined 40% YoY, reflecting a high base and a potential shift towards annuity products. The newly launched product - Smart Rise gained traction, contributing >50% of Q2 annuity business (~8% of APE). Rider attachment stood at 39% in H1FY27; however, growth in ULIP-linked rider attachments was in low single digits amid softer ULIP demand. H1FY27 APE grew 11% YoY to INR46.4bn. Management remains focused on expanding the protection/ retirement segments and expects APE growth to accelerate in H2FY27. PAR/ NPAR/ ULIP/ Protection/ Annuity comprise 13%/ 14%/ 36%/ 18%/ 19% of Q2 APE. Despite sustained momentum in annuity/ PAR, we build an APE growth of 15%/16% in FY27/FY28E, factoring in weak NPAR volume and a high base of H2FY26.

VNB margin expands; favourable mix to support sustainability: Q2 VNB recorded a growth of 15% YoY to INR7.3bn while VNB margin expanded ~154bps YoY to 27.0% driven by a favourable product mix. H1FY27 VNB grew 21% YoY to INR11.8bn with a margin of 25.4% (vs. 23.3% YoY). Management expects margin to improve further in H2FY27, with FY27 margin guidance tilted towards the higher end of 25-26%, supported by operating leverage as business volumes build up. Given the broadly similar margin profile of annuity and NPAR, the decline in NPAR had limited impact on the overall margin. We raise our VNB margin estimate to 25.5% for FY27/ FY28E as the share of non-ULIP products increase.

Quarter Summary

Y/e Mar	Q2'27E	Q2'27A	% Var.	Q2'26A	YoY gr. (%)
APE (INR mn)	28,915	27,160	(6.1)	25,070	8.3
VNB (INR m)	6,940	7,340	5.8	6,390	14.9
Margin (%)	24.0	27.0	300 bps	25.5	150 bps

Source: Company, PL

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Cost efficiencies support EoM compliance; capital position comfortable: H1FY27 policyholder opex to GWP ratio improved to 13.7% (vs. 15.5% YoY) led by productivity gains and operational efficiencies while EoM stood at ~25%. Company remains confident of meeting the proposed EoM guidelines of 15%/12.5% within 2/5 years respectively, targeting 5-7% optimisation through commission realignment/GST adjustments and 2-3% savings from operational efficiencies. Embedded value grew 17% YoY to INR314.4bn while operating RoEV stood at 17.3%. While longer term persistency continued to improve, 13M persistency dropped to 83% for 5MFY27 (vs. 85% for 5MFY26) reflecting the residual impact of a NPAR product. Management expects the cohort to improve over the coming quarters. AUM grew 11% YoY to INR2,056.6bn with solvency comfortable at 197% supported a by debt raise of INR6.9bn in Sep'26.

Diversification across channels to support growth: Proprietary and partnership channels contributed 47% and 53% of Q2FY27 APE. Proprietary channel grew 10% YoY led by strong online growth of 29% while offline channel remained muted (+1% YoY). Partnership channel grew 7% YoY, with Axis Bank growth subdued at 4% YoY due to soft ULIP demand and delayed launch of a new protection product. Other partners grew 21%, reflecting increasing distribution diversification. Axis Bank's counter share moderated to 62-63% in Q2FY27 vs ~65% and management expects a healthy recovery in the Axis Bank channel in H2FY27, supported by improving business indicators and transformation programs. We believe newer partners and emerging channels provide a meaningful runway for growth, reducing dependence on Axis Bank.

Exhibit 1: Q2FY27 Result Overview

Particulars (INR mn)	2QFY27	2QFY26	YoY gr.	1QFY27	QoQ gr.	H1FY27	H1FY26	YoY gr.
New Business Premium	38,511	34,634	11.2%	29,679	29.8%	68,190	59,869	13.9%
Renewal premium	66,084	56,301	17.4%	46,386	42.5%	112,470	95,032	18.3%
Gross Written Premium	104,595	90,936	15.0%	76,065	37.5%	180,660	154,901	16.6%
Total APE	27,160	25,070	8.3%	19,220	41.3%	46,380	41,750	11.1%
AUM (INR bn)	2,056.6	1,853.4	11.0%	2,026.2	1.5%	2,057	1,853.4	11.0%
VNB	7,340	6,390	14.9%	4,460	64.6%	11,800	9,740	21.1%
VNB margin (%)	27.0	25.5	154 bps	23.2	382 bps	25.4	23.3	211 bps
Embedded Value (INR bn)	314.4	269.0	16.9%	304.2	3.4%	314.4	269.0	16.9%
Op RoEV (%)	17.3	16.3	100 bps	14.9	240 bps	17.3	16.3	100 bps

Source: Company, PL

Exhibit 2: Change in Estimates

(INR mn)	Revised estimate			Earlier estimate			% Revision		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
APE	120,962	140,399	163,629	122,011	142,199	165,727	(0.9)	(1.3)	(1.3)
VNB	30,845	35,802	41,562	30,503	35,692	41,598	1.1	0.3	(0.1)
VNB margin (%)	25.5	25.5	25.4	25.0	25.1	25.1	50bps	40bps	30bps
EV	340,323	400,531	471,315	339,981	400,051	470,833	0.1	0.1	0.1

Source: PL

Exhibit 3: Appraisal value framework

	Value (INR mn)
FY29 VNB	41,562
VNB Multiple	12.8x
Structural Value - (A)	533,789
Embedded Value, F28E - (B)	400,531
Appraisal Value- (A) + (B)	934,320
Max Financial Services Ltd. Stake (%)	80%
No. of shares o/s (#)	747,456
Holding company discount	7%
No. of shares o/s (#)	345.1
Value per share (INR)	2,025
Implied P/EV, F29E	1.6x

Source: PL

Q2FY27 Conference Call Highlights
Growth

- Group credit life grew 41% YoY in Q2FY27. Partnerships added over the last three years are gaining traction and contribute >35% of group credit life business.
- Retirement continues to represent a significant long-term growth opportunity. The newly launched variable annuity product contributed over 50% of Q2FY27 annuity premiums.
- Rider softness reflects weak ULIP demand, with ULIP-linked riders growing in low single digits.
- Protection growth may moderate due to a high base. However, management remains confident of continued growth and margin expansion. Individual sum assured growth lagged protection growth because the mix has shifted to annuities.
- The company relaunched protection product - Smart Term Life Plus product.

Margin

- VNB margin expansion is driven mainly by mix (protection, annuity, group credit life) and better inherent product margins, with limited operating leverage.
- Margin guidance stood at 25-26%. Q3 and Q4 volumes should expand margins further, therefore management does not expect H2 moderation.
- The policyholder opex ratio improved on productivity initiatives. Core opex growth is 9-10%, against low headline growth of 3-4%, as earlier distribution investments mature.
- RoEV improvement came with a marginally positive operating variance. The negative non-operating variance reflects interest-rate movements and is transitory.

Distribution

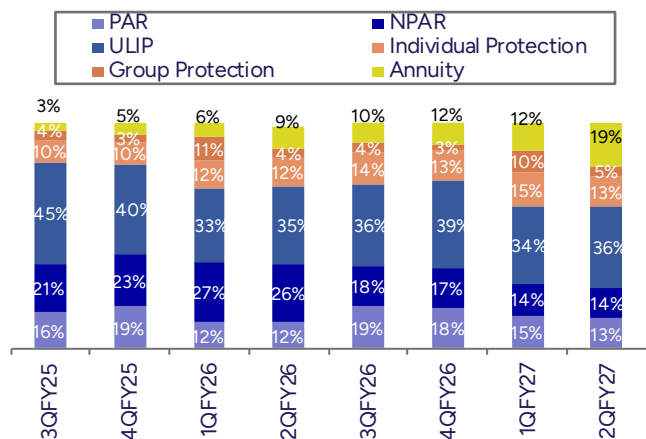
- Axis Bank contributes about 40-43% of overall sales, agency about 21%, D2C comprises 6-7%, direct sales force contributes 12%, and Yes Bank contributes ~5-6%. Management says 90-95% of business is likely to be unaffected under the proposed insurance distribution rules.

- Axis Bank softness in Q2 came from ULIP demand and the delayed protection relaunch. Counter share dipped to 62–63% from a normal of about 65%, with recovery expected from Q3.
- Management expects banks to consolidate to fewer insurers, which favors the company
- Agency growth was affected by smaller case sizes as NPAR mix normalized.

Others

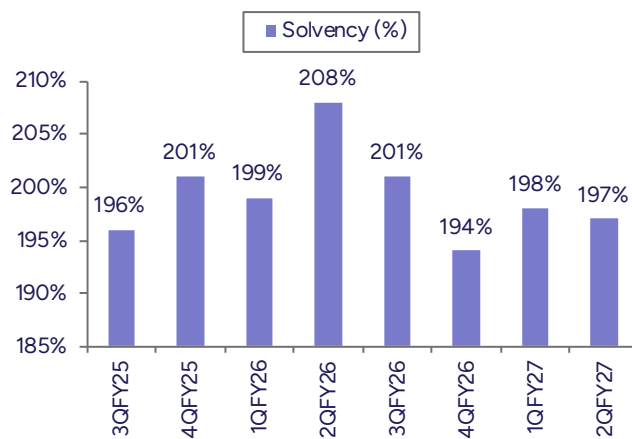
- The 13M persistency decline is concentrated to the NPAR product launched last year, which was discontinued in March.
- The EoM ratio is about 22.5% in H1 excluding GST and expected slightly below 22% for FY27.
- Reaching 15% and then 12.5% of EOM needs about 7% opex optimization. Commission and GST adjustment is expected to contribute 5–7% and efficiency measures 2–3%.
- Solvency is 197% and no immediate capital raise is planned. INR6.86bn debt raise was completed in September.

Exhibit 4: Annuity share increases to 19% in Q2FY27



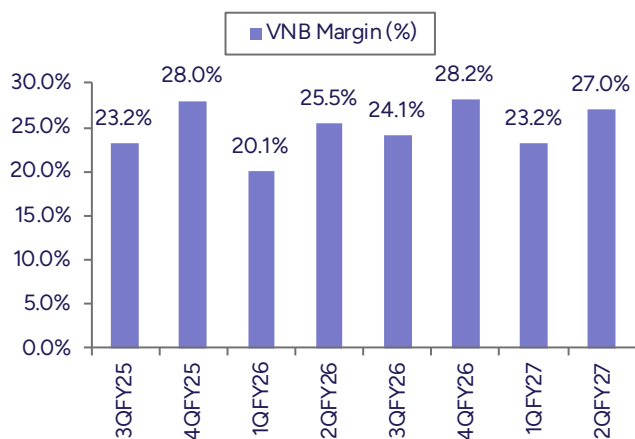
Source: Company, PL

Exhibit 5: Solvency ratio comfortable at 197%



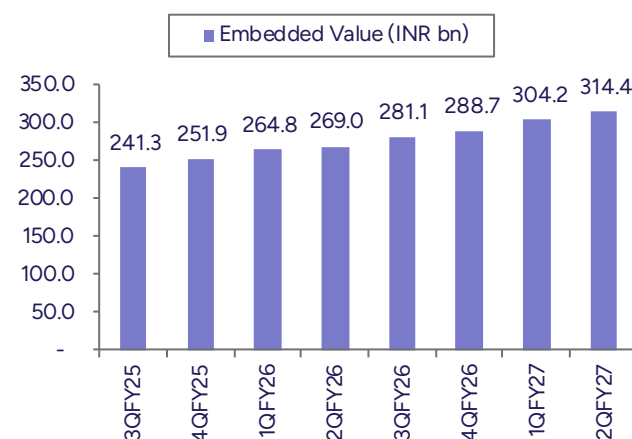
Source: Company, PL

Exhibit 6: VNB margin expands 154bps YoY to 27.0%



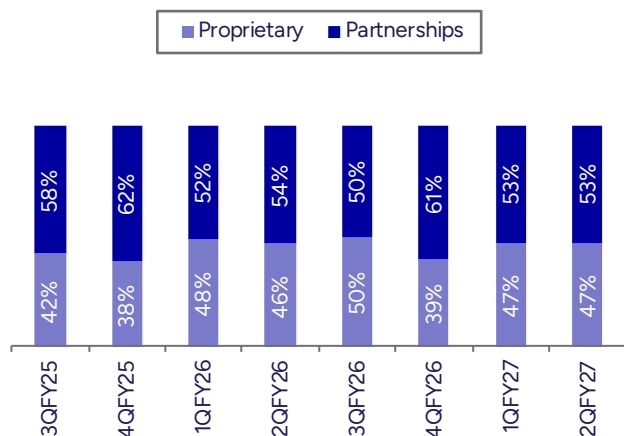
Source: Company, PL

Exhibit 7: Embedded value grew by ~15% to INR314.4bn



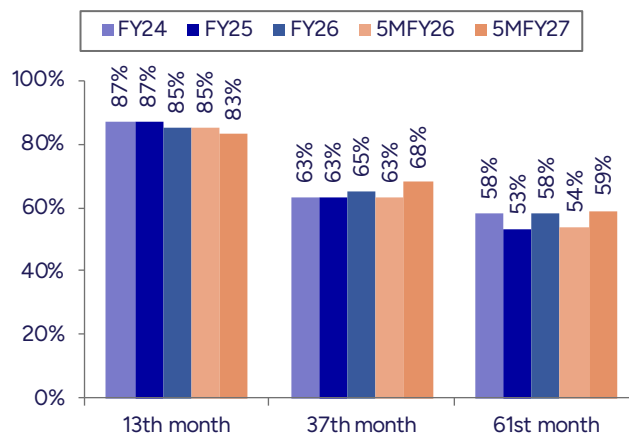
Source: Company, PL

Exhibit 8: Distribution remains well diversified across channels



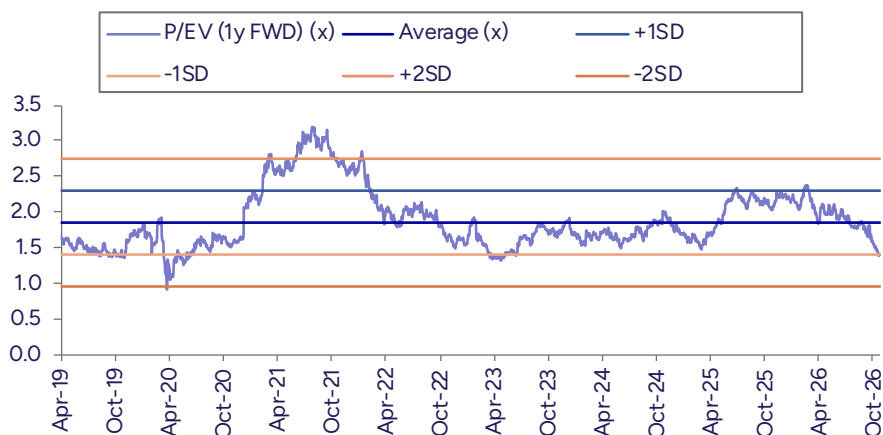
Source: Company, PL

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 1.4x



Source: Company, PL

Financials

Revenue Account (INR mn)

Y/e Mar	FY26	FY27E	FY28E	FY29E
FYP (first year premium)	97,830	115,439	133,910	156,005
SP (single premium)	47,200	55,224	64,888	76,244
NBP (new business premium)	145,030	170,663	198,798	232,248
RP (renewal premium)	243,740	286,919	342,004	404,527
Gross premium	388,770	457,582	540,802	636,775
(-) Reinsurance ceded	7,720	9,152	10,816	12,736
Net premium	381,050	448,431	529,986	624,040
Investment & other income	89,984	142,273	154,888	169,039
Total income	471,141	590,703	684,874	793,079
- Commission expenses	40,849	47,085	52,999	62,404
- Operating expenses	56,631	66,349	75,712	89,149
- Provision for doubtful debts and taxes	1,779	3,529	4,167	4,904
Operating surplus	371,882	473,740	551,996	636,622
- Benefits paid (net)	200,940	192,825	219,944	258,977
- Interim & terminal bonuses paid	23	20	20	20
- Change in reserves	171,655	279,592	329,167	373,005
Pre-tax surplus / (deficit)	(736)	1,303	2,865	4,620
Provisions for tax	-	-	-	-
Post-tax surplus / (deficit)	(736)	1,303	2,865	4,620

Source: Company, PL

P&L Account (INR mn)

Y/e Mar	FY26	FY27E	FY28E	FY29E
T/f from technical a/c	4,510	1,303	2,578	4,158
Investment & other income	8,242	10,613	11,316	12,086
Total income	12,752	11,915	13,895	16,245
Total expenses	9,565	11,478	13,774	16,529
PBT	3,187	437	121	(284)
Provision for tax	414	57	16	(37)
PAT	2,773	380	105	(247)

Source: Company, PL

Balance Sheet (INR mn)

Y/e Mar	FY26	FY27E	FY28E	FY29E
Sources of Funds				
Shareholders' fund	62,582	60,523	60,374	59,833
Policy Liabilities	1,812,996	2,074,551	2,403,619	2,776,525
Funds for future appropriations	45,309	61,853	62,139	62,601
Total	1,920,887	2,196,927	2,526,131	2,898,959
Application of Funds				
Shareholders investments	96,838	111,364	128,068	147,279
Policyholder investments	1,324,809	1,484,734	1,663,964	1,864,830
Assets held to cover linked liabilities	476,299	474,922	473,548	472,179
Net other and current assets	22,940	125,907	260,550	414,671
Total	1,920,887	2,196,927	2,526,131	2,898,959

Source: Company, PL

Embedded Value (EV) (INR mn)

Y/e Mar	FY26	FY27E	FY28E	FY29E
Opening EV	251,920	288,710	340,323	400,531
Unwind	20,530	23,528	27,226	32,042
VNB	26,470	30,845	35,802	41,562
Operating variance	200	510	450	450
EV Operating profit (EVOP)	47,200	54,883	63,477	74,054
Non-operating variance	(7,140)	-	-	-
EV Profit	40,060	54,883	63,477	74,054
Net capital injection	(3,270)	(3,270)	(3,270)	(3,270)
Closing EV	288,710	340,323	400,531	471,315

Source: Company, PL

Key Ratios

Y/e Mar	FY26	FY27E	FY28E	FY29E
Growth (%)				
APE	19.1	15.2	16.1	16.5
Renewal premium	15.8	17.7	19.2	18.3
Net premium	16.9	17.7	18.2	17.7
PAT	(31.8)	(86.3)	(72.4)	(335.1)
Total AUM	8.4	9.1	9.4	9.7
Total Assets	8.1	14.4	15.0	14.8

Expense analysis (%)

Commission ratio	10.5	10.3	9.8	9.8
Opex ratio	14.6	14.5	14.0	14.0
Claims ratio	52.7	43.0	41.5	41.5
P/hs' opex / Avg P/hs' AUM	3.3	3.5	3.7	4.0

Profitability analysis (%)

RoA	0.2	-	-	-
RoE	4.5	0.6	0.2	-
RoEV	18.7	19.0	18.7	18.5
VNB Margin	25.2	25.5	25.5	25.4
S/hs'AUM yield	8.8	8.8	8.8	8.8
P/hs'AUM yield	5.1	7.2	6.7	6.3

Balance sheet analysis (x)

P/hs' funds / P/hs' AUM	1.0	1.1	1.1	1.2
P/hs' liabilities / Net worth	29.7	35.3	40.8	47.5

Per share data (Rs)

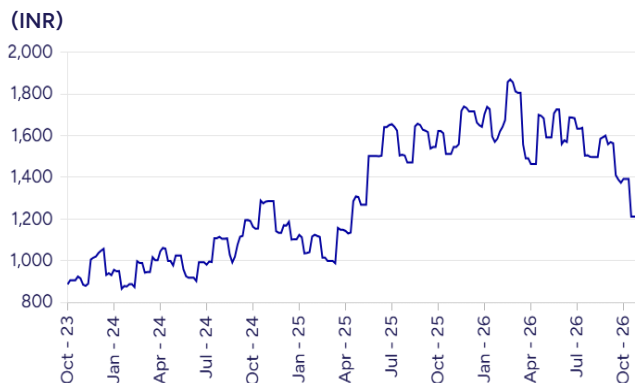
EPS	6.4	0.9	0.2	-
BVPS	146.7	144.2	144.5	143.9
EVPS	669.2	788.9	928.5	1,092.5

Valuation data (x)

P/E	191.5	1,396.5	5,051.2	(2,148.8)
P/BV	8.4	8.5	8.5	8.6
P/EV	1.8	1.6	1.3	1.1

Source: Company, PL

Price Chart



Recommendation History

No.	Date	Rating	TP (INR)	Share Price (INR)
1	06-Oct-26	BUY	2025	1348
2	14-Aug-26	BUY	2025	1512
3	06-Jul-26	BUY	2035	1597
4	13-May-26	Buy	2075	1654
5	07-Apr-26	BUY	2040	1491
6	12-Feb-26	BUY	2050	1734
7	05-Jan-26	BUY	1925	1672
8	01-Dec-25	BUY	1925	1702
9	12-Nov-25	BUY	1925	1718
10	06-Oct-25	BUY	1850	1604

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	AAVAS Financiers	BUY	1685	1126
2	Bajaj Finance	BUY	1150	957
3	BSE	BUY	4015	3305
4	Can Fin Homes	BUY	1090	736
5	Cholamandalam Investment and Finance Company	BUY	2000	1611
6	HDFC Life Insurance Company	BUY	765	551
7	Home First Finance Company India	BUY	1400	1105
8	ICICI Prudential Life Insurance Company	BUY	725	447
9	LIC Housing Finance	HOLD	520	502
10	Mahindra & Mahindra Financial Services	BUY	350	297
11	Max Financial Services	BUY	2025	1348
12	National Stock Exchange of India	Accumulate	1950	1750
13	SBI Life Insurance Company	BUY	2200	1633
14	Shriram Finance	BUY	1200	865
15	Sundaram Finance	Accumulate	4850	4363

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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