



3R MATRIX

	+	=	-
Right Sector (RS)	Green	Grey with check	Orange
Right Quality (RQ)	Green	Grey with check	Orange
Right Valuation (RV)	Green with check	Grey	Orange

+ Positive = Neutral - Negative

What has changed in 3R MATRIX

	Old		New
RS	Grey	↔	Grey
RQ	Grey	↔	Grey
RV	Green	↔	Green

Company details

Market cap:	Rs. 55,872 cr
52-week high/low:	Rs. 1,624/960
NSE volume: (No of shares)	9.9 lakh
BSE code:	500271
NSE code:	MFSL
Free float: (No of shares)	26.3 cr

Shareholding (%)

Promoters	1.7
FII	44.8
DII	47.3
Others	6.2

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Price performance

(%)	1m	3m	6m	12m
Absolute	10.1	39.9	46.6	63.9
Relative to Sensex	9.7	34.7	42.1	57.8

Source: Mirae Asset Sharekhan Research, Bloomberg

Max Financial Services Ltd

Steady outlook

Insurance	Sharekhan code: MFSL		
Reco/View: Buy	↔	CMP: Rs. 1,619	Price Target: Rs. 1,850 ↑
↑ Upgrade	↔ Maintain	↓ Downgrade	

Summary

- The company is optimistic of growth picking up at Axis Bank channel besides continued strong growth at its Proprietary channels and other bancassurance partnerships.
- Thus, it is reasonably confident to deliver mid-teen APE growth with VNB margins at 24-25% in FY26.
- The company is awaiting IRDAI approval for the reverse merger, a move contingent on upcoming amendments to the Insurance Act. This would entail the separate listing of Axis Max Life, removing hold co discount and unlock value.
- Stock trades at 2.3x/2.0x its FY2026E/ FY2027E EVPS. We maintain a Buy with a revised PT of Rs. 1,850.

Over the past three years, Axis Max life has posted strong industry leading APE growth of 18% with 13% VNB CAGR. The management aspires to continue to grow APE in mid-teens (300-400 bps higher than industry) with VNB margin at 24-25% in FY26. The company is focusing on further scaling up the proprietary channel, improving bancassurance productivity, maintain leadership in protection and online distribution. It is also optimistic of growth picking up at the Axis Bank channel. Proprietary channel's APE grew by 26% in FY25 while bancassurance APE grew by 12% y-o-y. Axis Bank's channel grew 10% while non-Axis Bank banca channel grew by 27%. Earlier, the key challenge was that it was largely dependent on Axis Bank channel for growth but over the past few years, the company has proactively expanded its agency and direct sales force, with significant investment in digital productivity, training, and performance-linked frameworks. With the bancassurance channel's growth likely to pick up as deposit pressure eases and proprietary channels expand deeper into lower tier markets, APE growth visibility remains strong in near to medium term in the mid-to-high teens. Additionally, it is awaiting IRDAI approval for the reverse merger, a move contingent on upcoming amendments to the Insurance Act. This would entail separate listing of Axis Max Life, removing holding company discount and unlock value.

Eyeing balanced product mix: Over the past three years, Axis Max life has posted strong industry leading APE growth of 18% with 13% VNB CAGR. In FY25, APE grew by 18% y-o-y, while VNB grew by 7% y-o-y. VNB margins in FY25 were lower at 24.0% vs 26.5% in FY24 due to product mix change and impact of surrender value guidelines. APE growth was mainly led by ULIP and retail protection. Management aims to reduce ULIP mix to 35-40% from ~44% over time while boosting non-PAR and protection sales to support growth and profitability.

Proprietary channels driving growth, growth to improve at Axis Bank's channel: The company is optimistic of growth picking up at Axis Bank channel led by deposit mobilisation pressure easing besides continued strong growth at its proprietary channels and other bancassurance partnerships. The proprietary channel's APE grew by 26% in FY25 while bancassurance APE grew by 12% y-o-y. Axis Bank channel grew by 10% while non-Axis Bank bancassurance channel grew by 27%.

Reverse merger approval, a key catalyst: The company is awaiting IRDAI approval for the reverse merger, a move contingent on upcoming amendments to the Insurance Act. This would entail separate listing of Axis Max Life, removing holding company discount and unlock value. The approval would be one of the potential key catalyst for the stock's performance.

Our Call

Valuation - Maintain Buy with a revised PT of Rs. 1,850 - The stock trades at 2.3x/2.0x its FY2026E/ FY2027E EVPS. Max Life is incrementally investing in growing other channels/partnerships to reduce dependency on the Axis Bank channel and focusing on new product launches resulting in higher APE growth leading to market share gains. Proprietary channels will drive higher growth, with continued investment in digital distribution. The company is reasonably confident to outpace private sector growth by 300-400 bps, resulting in continued market share gains and endeavours to achieve VNB margins of 25% in the medium term led by a better product mix. The reverse merger's approval remains a key catalyst besides industry leading performance.

Key Risks

Slow APE growth, lower VNB margins and any adverse regulatory policies/guidelines may affect its profitability.

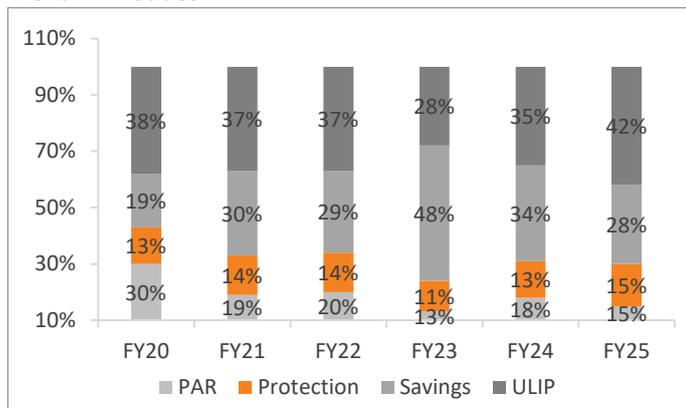
Valuation

Particulars	FY23	FY24	FY25	FY26E	FY27E
APE (Rs. cr)	6,248	7,433	8,770	10,000	11,800
VNB (Rs. cr)	1,949	1,973	2,107	2,430	2,900
VNB Margin (%)	31.2	26.5	24.0	24.3	24.6
EV (Rs. cr)	16,263	19,494	25,192	30,000	35,000
ROEV (%)	22.1	20.2	17.7	17.8	17.8
P/EV (x)	4.2	3.5	2.7	2.3	2.0
P/VNB (x)	35.0	34.6	32.4	28.1	23.5

Source: Company; Mirae Asset Sharekhan estimates

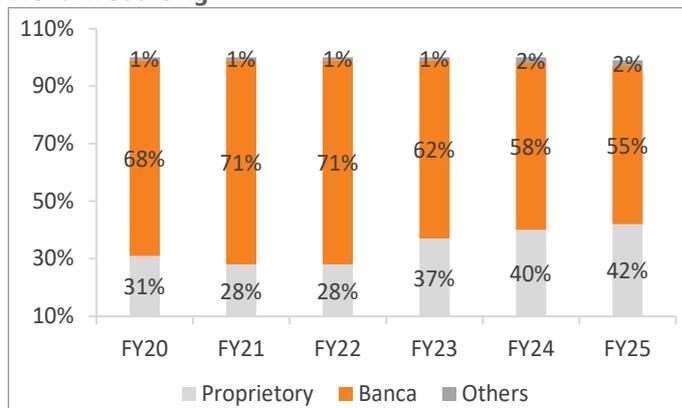
Financials in charts

Trend in Product mix



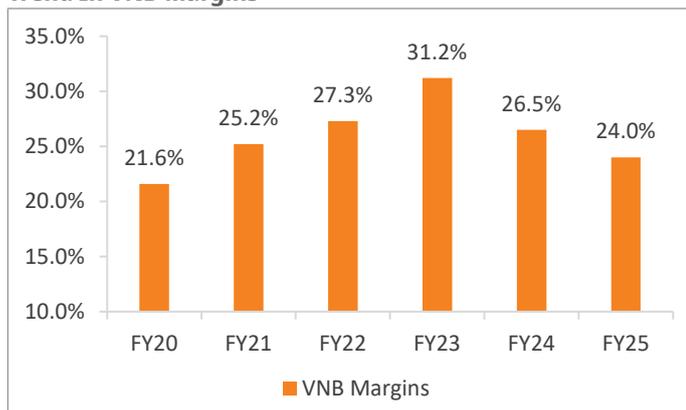
Source: Company; Mirae Asset Sharekhan Research

Trend in Sourcing



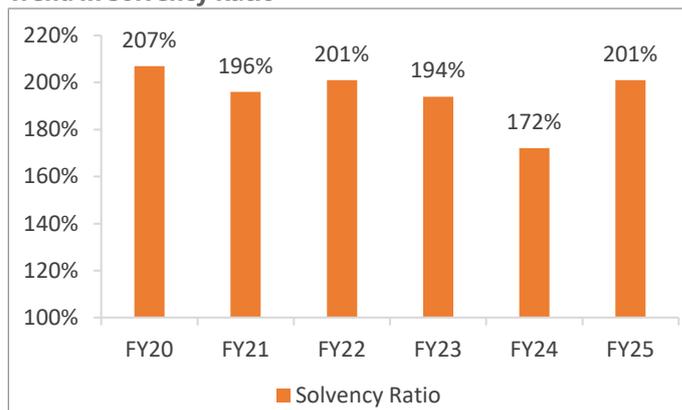
Source: Company; Mirae Asset Sharekhan Research

Trend In VNB Margins



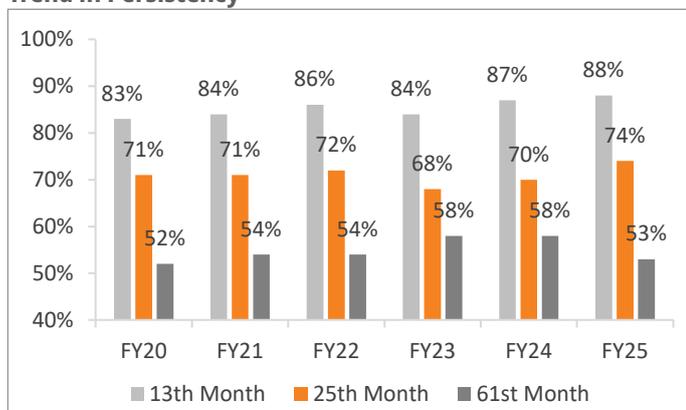
Source: Company; Mirae Asset Sharekhan Research

Trend in Solvency Ratio



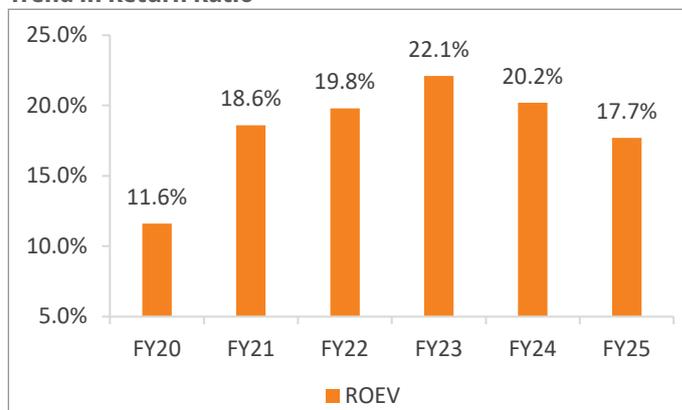
Source: Company; Mirae Asset Sharekhan Research

Trend in Persistency



Source: Company; Mirae Asset Sharekhan Research

Trend in Return Ratio



Source: Company; Mirae Asset Sharekhan Research

Outlook and Valuation

■ Sector Outlook – Large opportunity, but competition, regulatory risks higher

Insurance penetration is still low in India as compared to international benchmarks. Factors such as a large protection gap and expanding per capita income are key long-term growth drivers for the sector. India has a high protection gap; and credit protection products are still at an early stage and has the potential to grow multi-fold as penetration of retail loans improves in the country. Hence, we believe the insurance sector has a huge growth potential in India. Against this backdrop, we believe that strong players with the right mix of products, services, and distribution is likely to gain disproportionately from the opportunity. However, there is a high risk of regulatory changes/ competition, which can impact profitability.

■ Company Outlook – Eyeing balanced outcomes

Max Financial is building a strong franchise with a multi-channel distribution network built upon a balanced product mix. Over the medium term, management has indicated a balanced mix of business with non-PAR at 30-35% of APE, ULIP to be 35% while protection is expected at 35-40% of APE. We believe cost management, re-balancing of the product mix, and further diversification of distribution channels are key levers for improvement in profitability and growth. Reverse merger remains a key catalyst besides industry-leading performance.

■ Valuation – Maintain Buy with a revised PT of Rs. 1,850

The stock trades at 2.3x/2.0x its FY2026E/ FY2027E EVPS. Max Life is incrementally investing in growing other channels/partnerships to reduce dependency on the Axis Bank channel and focusing on new product launches resulting in higher APE growth leading to market share gains. Proprietary channels will drive higher growth, with continued investment in digital distribution. The company is reasonably confident to outpace private sector growth by 300-400 bps, resulting in continued market share gains and endeavours to achieve VNB margins of 25% in the medium term led by a better product mix. The reverse merger's approval remains a key catalyst besides industry leading performance.

About company

Max Financial Services Limited (MFSL) is part of India's leading business conglomerate – Max Group. Focused on life insurance, MSFL currently owns a ~80% majority stake in life Insurance business, which is the sole operating subsidiary of MFSL. Axis Max Life Insurance Company Limited is a Joint Venture between Max Financial Services Limited and Axis Bank Limited. It has built its operations over two decades, offers comprehensive long-term savings, protection, and retirement solutions through its high-quality agency and multi-channel distribution partners.

Investment theme

The company has gained critical mass and enjoys strong operating parameters in the industry. We believe the company's well-diversified product mix and strong distribution channel augur well and will help sustain healthy business growth.

Key Risks

Slow APE growth, lower VNB margins and any adverse regulatory policies/guidelines may affect its profitability.

Additional Data

Key management personnel

Name	Designation
Prashant Tripathy	MD and CEO of Axis Max Life Insurance
Amrit Singh	CFO of Axis Max Life Insurance

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	MS&AD Insurance Group Holdings Inc	21.86
2	HDFC Asset Management Co Ltd	8.99
3	Nippon Life India Asset Management	5.78
4	ICICI Prudential Asset Management	5.28
5	DSP Investment Managers Pvt Ltd	3.65
6	Fund Rock Management Co SA	3.31
7	Vanguard Group Inc/The	2.80
8	Kotak Mahindra Asset Management Co	2.34
9	HDFC Life Insurance Co Ltd	2.31
10	Capital Group Cos Inc/The	2.31

Source: Bloomberg

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Understanding the Mirae Asset Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and deteriorating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research

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