

Reco/View: **BUY**

CMP: **Rs. 1,819**

Price Target: **Rs. 2,100**



STOCK UPDATE

Result Update - Q3FY2026

SECTOR

Insurance

COMPANY DETAILS

Market cap:	Rs. 62,764 cr
52-week high/low:	Rs. 1,821 / 973
NSE volume: (No of shares)	26.0 lakh
BSE code:	500271
NSE code:	MFSL
Free float: (No of shares)	34.1 cr

Source: NSE, BSE, Mirae Asset Sharekhan Research

SHAREHOLDING (%)

Promoters	1.3
FII	45.1
DII	47.4
Others	6.3

Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE CHART



Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	6.7	3.2	11.7	62.6
Relative to Sensex	9.3	6.4	9.9	56.5

Source: Mirae Asset Sharekhan Research, Bloomberg

Quick Snapshot

- GWP rose 18% y-o-y, while Individual FYP grew 22.6% y-o-y for Q3, beating private industry growth rate that led to market share gains.
- APE increased 29.6% y-o-y for Q3, driven by retail protection and annuity.
- VNB margins fell 140 bps q-o-q to 24.1% due to loss of input tax credit, but they are expected to be recouped via product tweaks and negotiations with distributors.
- Q4FY26 likely to be healthy in terms of growth; long-term guidance remains well above industry. We maintain a Buy with a revised PT of Rs. 2,100.

Result overview

- Following amendments to 'Sabka Bima Sabki Raksha Act 2025', MFSL's board has provided in-principle approval for the amalgamation of Axis Max Life and MFSL. Procedure to take 12-14 months post-regulatory framework & filings.
- Individual adjusted FYP rose 20% for 9MFY26 versus private industry growth of 13% leading to market share gains of 53 bps to 9.3%. Growth accelerated in Q3 with retail APE rising 30%. This momentum continued into January 2026 with 29% sales growth at the company level.
- Retail protection segment grew 99% in Q3, while annuity grew 141% y-o-y. Annuity growth is broad-based across retail and corporate pools. Credit life grew by 45% in Q3, largely driven by a pickup in the microfinance segment.
- Proprietary channel fuelled growth in Q3, rising 52% y-o-y. Bancassurance partnerships grew by 13% in Q3. The company maintains a counter share of 25%+ across all new bank partnerships.
- Gross impact of GST on margins was between 300-350 bps. However, the company has already mitigated one-third of this impact and expects to fully mitigate it over the next few quarters through cost actions and product tweaks.
- Policyholder OpEx was higher due to a GST disallowance of Rs. 295 crore and a Rs. 60 crore impact from labour code changes related to gratuity. Despite this, the company maintained a positive operating variance.

Our Call

Management eyes a strong Q4, citing robust momentum across all channels. Going forward, the company expects to maintain a growth of 300-500 bps above industry along with healthy VNB margins. The company is well-positioned for sustained double-digit growth, value creation, and market outperformance. We maintain BUY with revised PT of Rs 2,100.

Key Risks

Intensifying competition and regulatory changes could hamper performance

Valuation

Particulars	FY24	FY25	FY26E	FY27E	FY28E
APE (Rs cr)	7,433	8,770	9,866	11,396	13,105
VNB (Rs cr)	1,973	2,107	2,360	2,761	3,203
VNB Margin (%)	26.5	24.0	23.9	24.2	24.4
EV (Rs cr)	19,494	25,192	29,601	34,485	40,520
ROEV (%)	20.2	17.7	18.1	18.2	18.4
P/EV (x)	3.2	2.5	2.1	1.8	1.5
P/VNB (x)	31.8	29.8	26.6	22.7	19.6

Source: Company; Mirae Asset Sharekhan estimates

Concall highlights

Corporate Strategy and Structural Changes

- Following amendments to the Sabka Bima Sabki Raksha Act 2025, which now permits the merger of an insurer with a non-insurer, the board has provided in-principle approval for the amalgamation of Axis Max Life and MFSL. Proposed merger should be positive (removal of hold co. discount).
- NRI segment remains a strategic pillar, contributing approximately 12% of individual adjusted first-year premium. To further this reach, the company received regulatory approval to establish an office in GIFT City, which will serve as a hub for international service delivery.

Distribution and partnership growth

- **New partnerships:** In 9MFY26, the company added 51 new partners. These new relationships already contribute about 5% of individual APE. The insurer already No.1 in terms of counter share in three of seven recently acquired banks
- While growth at Axis Bank was ~7% y-o-y for the 9M period, momentum accelerated in January with 29% sales growth.
- Agency channel has returned to the top four industry rankings for sales. Digitally, the company is ranked number one in SEO for term insurance keywords, and its customer app has reached 6 lakh downloads.

Product innovation and performance

- Retail protection witnessed a massive 99% growth in Q3, driven by pure protection (up 95%) and riders (up over 100%).
- **New launches:**
 - **Corporate segment:** Company launched the “Corporate Advantage in Retirement” and “Employee Benefit Smart Plan”.
 - **Participating products:** It also introduced a new participating proposition to support portfolio rebalancing.
- Product mix remained balanced with ULIP at 38%, PAR at 20%, Non-PAR savings at 18%, Protection at 15%, and Annuity at 10% for Q3.
- ULIPs remain laggards as the company intentionally moderated this segment to improve overall quality and profitability.

Financial metrics and margins

- Consolidated PAT for 9MFY26 was lower Rs. 137 crore versus Rs. 365 crore y-o-y. primarily due to fair-value change impacts and GST expense at the MFSL level.
- **Product Margins:** PAR and credit life margins remained stable, while protection and unit-linked margins grew.
- Company leads the industry in 13-month persistency (85% by policy count). While 25-month persistency hit an all-time high of 76%, management acknowledged some 13-month pressure in specific product pockets due to new regulations that make surrender values available in the first year.

Outlook

- Management reaffirmed FY26 VNB margin guidance of 24-25%. They remain confident in outpacing the industry, targeting 300-500 bps growth faster than the market in the long term.

Results

Particulars	Rs cr				
	Q3FY26	Q3FY25	Y-o-Y %	Q2FY26	Q-o-Q %
Individual Adjusted FYP	2,505	2,043	22.6	2,338	7.1
Total APE	2,733	2,108	29.6	2,507	9.0
Renewal Premium	6,048	5,223	15.8	5,630	7.4
Gross Written Premium	9,705	8,223	18.0	9,093	6.7
Assets Under Management (AUM)	1,92,688	1,71,705	12.2	1,85,336	4.0
Embedded Value	28,110	24,129	16.5	26,895	4.5
New Business Margin %	24.1	23.2	90 bps	25.5	-140 bps
Value of New Business (VNB)	659	489	34.8	639	3.1
Solvency Ratio %	201	196	500 bps	208	-700 bps
Consolidated PAT	44.8	69.8	-35.9	5.9	662.5

Source: Company; Mirae Asset Sharekhan Research

Additional Data

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	MS&AD Insurance Group Holdings Inc	21.86
2	HDFC Asset Management Co Ltd	9.12
3	Nippon Life India Trustee Ltd	5.62
4	Nippon Life India Asset Management	5.42
5	Kotak Mahindra Asset Management Co	3.36
6	KOTAK MAHINDRA TRUSTEE CO LTD	3.29
7	Vanguard Group Inc/The	3.17
8	Capital Group Cos Inc/The	2.80
9	SBI Funds Management Ltd	2.54
10	ICICI Prudential Asset Management	2.42

Source: Bloomberg

Key management personnel

Name	Designation
Mr Sumit Madan	MD & CEO*
Nishant Kumar Gehlawat	CFO*
Analjit Singh	Chairman

Source: Company Website; * from Axis Max Life

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