

Canara HSBC Life Insurance Co. Ltd.

Subscribe

Nifty: 25,182 | Sensex: 82,172

IPO Note | 10th October 2025

Sector: Life Insurance | Price Range: ₹100 - ₹106

Trusted lineage with valuation comfort

Canara HSBC Life Insurance Company Ltd. (CHLICL), founded in 2007, is a private life insurer jointly promoted by Canara Bank, India’s fourth-largest public sector bank, and HSBC Insurance (Asia-Pacific) Holdings Ltd., part of the global HSBC Group. As of June 2025, it ranks among the top three public sector bank–promoted life insurers in India, covering over 1.05 crore lives.

- India’s total life insurance premium is expected to grow at a CAGR of 8–10% during FY26–28, while bank-led insurers are projected to expand at a faster pace of 10–12% CAGR over the same period.
- Initiatives such as IRDAI’s *Insurance for All* by 2047, government-led financial inclusion schemes like the Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), and GST exemptions on individual life and health insurance policies are expected to drive demand growth.
- CHLICL’s AUM rose to ₹43,639.4cr in Q1FY26 from ₹30,204.4cr in FY23, reflecting robust fund inflows and business growth at a CAGR of 12%.
- The embedded value grew from ₹4,272cr in FY23 to ₹6,352cr in Q1FY26 at a CAGR of 13% showcasing higher future profitability.
- The Value of New Business (VNB) rose from ₹377.6cr in FY24 to ₹446cr in FY25, growing at 18%, reflecting strong business expansion; however, the VNB margin of 19% remains below peers.
- The annualised premium equivalent (APE) increased from ₹1,883.7cr in FY23 to ₹2,339.4cr in FY25, registering a CAGR of 11.4%, driven by growth in regular premium collections.
- Net premium earned grew to ₹7,850cr in FY25 from ₹7,030cr in FY23, registering a CAGR of 5.7%, driven by an expanding insured base.
- PAT grew from ₹91.2cr in FY23 to ₹117cr in FY25 at a CAGR of 13.2%, showing improved efficiency and consistent income from investments.
- At the upper price band of ₹106, Canara HSBC trades at a P/EVPS of 1.65x (FY25), representing a ~68% discount to the average valuation of major bank-led life insurers. It is demonstrating strong growth in AUM, embedded value and profitability, supported by favorable industry trends and rising awareness. We therefore assign a Subscribe rating with a medium- to long-term investment horizon.

Purpose of IPO

To carry out the Offer for Sale of up to 237,500,000 equity shares by the selling shareholders aggregating up to ₹2,518cr and achieve the benefits of listing the equity shares on the stock exchanges

Key Risks

- Heavily depended on the bancassurance channel for new business premium, with Canara Bank contributing ~70%.

Peer Valuation

Company	CMP(₹)	MCap(₹ cr)	Net Premium(₹ cr)	EVPS(₹)	VNB (%)	EPS(₹)	Solvency (%)	P/EVPS (x)	NBP Market Share (%)
Canara HSBC Life Insurance Co.Ltd	106	10,070	7,850	64.32	19.07	1.23	206	1.65	1
SBI Life Insurance Company Ltd	1,767	1,77,445	84,060	700.9	27.8	24.1	196	2.53	9
HDFC Life Insurance Company Ltd	747	1,61,017	69,616	257.12	25.6	8.4	194	2.91	8
ICICI Prudential Life Insurance Company Ltd	596	86,343	47,259	331.8	22.8	8.2	212	1.80	6

Source: Geojit Research, Bloomberg; Valuations of CHLICL are based on upper end of the price band (post issue), Financials as per FY25 consolidated.

Issue Details	
Date of opening	October 10, 2025
Date of closing	October 14, 2025
Total No. of shares offered (cr.)	23.75
Post Issue No. of shares (cr)	95.0
Face Value	₹10
Bid Lot	140 Shares
Minimum application for retail (upper price band for 1 lot)	₹ 14,840
Maximum application for retail (upper price band for 13 lot)	₹ 1,92,920
Listing	BSE,NSE
Lead Managers	SBI Capital Markets Ltd.,BNP Paribas ,HSBC Securities & Capital Markets (India) Pvt.Ltd. ,JM Financial Ltd. ,Motilal Oswal Investment Advisors Ltd.
Registrar	Kfin Technologies Ltd.

Issue size (upper price)	Rs.cr
Fresh Issue	0.0
OFS	2,517.5
Total Issue	2,517.5

Shareholding (%)	Pre-Issue	Post Issue
Promoter & Promo. Group.	77.0	62.0
Public & others	23.0	38.0
Total	100.0	100.0

Issue structure	Allocation (%)	Size Rs.cr
Retail	35	881.1
Non-Institutional	15	377.6
QIB	50	1,258.8
Total	100	2,517.5

Y.E March (Rs cr)	FY24	FY25	Q1FY26
Net Premium	6,932.6	7,850.2	1,653.4
Growth (%)	-1	13	26
APE	1,887.8	2,339.4	492.8
VNB	377.8	446.1	96.0
VNB Margin %	20	19.1	19.5
Net Profit	113.3	117.0	23.4
Growth (%)	24.2	3.2	25
EPS (₹)	1.19	1.23	0.25
EVPS (₹)	54.5	64.3	66.8
Claim Settlement Ratio (%)	99.3	99.4	99.4
P/EVPS	1.94	1.65	1.54
P/E(x)	89	86	430
Solvency(%)	212.8	205.8	200.4



Business Description:

The company’s product portfolio ranges across various segments with the individual and group products, comprising of 20 individual products, 7 group products and 2 optional rider benefits along with policies under the Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY).

Individual Products are classified into the following categories:

- Participating Plans:** These policies share surplus earnings with policyholders through bonuses. They typically guarantee a minimum payout upon death or maturity, supplemented by periodic bonus declarations.
- Non-Participating Savings Plans:** These offer fixed, guaranteed benefits determined at policy inception, with the insurer bearing the risk of returns and guarantees.
- Non-Participating Protection Plans:** Basic life insurance products that provide financial security and coverage to the insured and their beneficiaries.
- Unit Linked Insurance Plans (ULIPs):** These combine investment and insurance, allowing policyholders to select life cover levels and choose from various fund options based on their risk appetite. Premiums are invested in underlying asset classes.
- Annuity Products:** These plans provide regular annuity payments for the lifetime of the policyholder in exchange for a lump sum payment upfront.

Products		Three months period ended June 30,				Fiscal					
		2025		2024		2025		2024		2023	
		(in ₹ million)	(% of total)	(in ₹ million)	(% of total)	(in ₹ million)	(% of total)	(in ₹ million)	(% of total)	(in ₹ million)	(% of total)
Participating Products	New Business Premium	332.28	8.12%	241.11	6.68%	2,013.58	9.04%	1,917.32	10.73%	1,672.24	9.07%
	Renewal Premium	1,261.87	13.83%	1,191.32	17.67%	9,485.51	19.36%	9,352.16	22.17%	9,439.20	27.20%
Non-participating savings products	New Business Premium	774.84	18.92%	794.47	22.01%	4,442.64	19.94%	6,249.97	34.99%	8,368.06	45.40%
	Renewal Premium	2,825.86	30.97%	2,547.44	37.79%	19,878.71	40.57%	16,979.48	40.25%	11,598.79	33.43%
Non-participating protection products	New Business Premium	29.99	0.73%	44.02	1.22%	151.42	0.68%	130.54	0.73%	73.45	0.40%
	Renewal Premium	239.95	2.63%	198.71	2.95%	818.51	1.67%	703.99	1.67%	648.80	1.87%
ULIPs	New Business Premium	2,110.82	51.55%	2,020.96	56.00%	12,289.35	55.16%	6,677.68	37.38%	6,755.18	36.65%
	Renewal Premium	4,331.30	47.46%	2,697.39	40.01%	16,882.44	34.46%	15,153.04	35.92%	13,010.60	37.50%
Annuity Products	New Business Premium	846.44	20.67%	508.51	14.09%	3,382.49	15.18%	2,887.05	16.16%	1,564.42	8.49%
	Renewal Premium	466.86	5.12%	106.65	1.58%	1,929.94	3.94%	-	-	-	-
Total	New Business Premium	4,094.37	100.00%	3,609.06	100.00%	22,279.48	100.00%	17,862.55	100.00%	18,433.36	100.00%
	Renewal Premium	9,125.84	100.00%	6,741.51	100.00%	48,995.11	100.00%	42,188.66	100.00%	34,697.40	100.00%

Source: Geojit, RHP

- Group Products:** The products offered under the category include:
- Group Protection Plans:** These plans provide life insurance coverage to a group of individuals and, in an event of unfortunate death of a group member, the sum assured is paid to the member’s nominee. The policies are offered to formal groups such as employer-employee groups and voluntary groups like non-employer-employee, banks, professional and microfinance institutions, etc. These products typically have a one-year term and need to be renewed upon expiry every year.
- Group savings plans:** These secure employees of an organization with savings and retirement benefits

Key strengths

- Established parentage and a trusted brand amplifying customer attraction
- Multi-channel distribution network with pan-India presence
- Diversified product portfolio
- Technology integrated business platform with strong focus on automation and digital analytics
- Experienced management team supported by a team of dedicated professionals

Key strategies:

Enhance penetration in the existing distribution network to facilitate growth

Increase life insurance penetration within the existing bancassurance channel, the company is adopting a strategy to maximize the synergies between the bancassurance partners while addressing both customer needs and ease of onboarding. Company also plan to extend reach by deepening presence within the bancassurance networks, particularly leveraging Canara Bank's network.

Strengthening the multi-channel distribution network to increase and diversify revenue streams.

The company aims to strengthen and diversify its multi-channel distribution network through new bancassurance partnerships (including regional rural banks), alliances with Fintech, InsurTech, NBFCs, and digital platforms, while establishing agency channels to penetrate underpenetrated markets, thereby mitigating concentration risk, enhancing scalability, and improving profitability.

Continued focus on customer centricity to improve customer satisfaction and retention

The company focuses on enhancing customer satisfaction and retention through need-based sales, continuous engagement, CRM integration with call centres, fintech solutions like policy assignments and loans, real-time banking integrations for payments, and a planned customer loyalty programme, all aimed at improving renewal collections, reducing surrenders, managing acquisition costs efficiently, and driving sustainable profitability with a customer-centric approach.

Continue to leverage technology and analytics to enhance productivity and efficiency to improve customer experience and manage risks

The company leverages technology, data analytics, and AI-driven models to boost efficiency, improve customer experience, and manage risks by expanding self-service and assisted digital touchpoints, partnering with fintech for online healthcare and AI-powered wellness services, implementing intelligent response systems, automating communications, integrating NPS feedback, and launching innovations like the ISNP platform, Canara Bank SuperApp integration, and LAPS collaboration, thereby driving innovation, scalability, and a competitive edge in the life insurance industry.

Ensure profitable growth through balanced product portfolio

The company drives profitable growth by maintaining a diversified product portfolio across non-participating, unit-linked, participating, and pension products, launching new offerings like a competitive offline term plan with rider benefits, comprehensive credit life insurance, and two unit-linked products in 2025, while strategically evaluating market opportunities, focusing on non-participating policies, and regularly re-evaluating pricing based on customer feedback to boost new business premium, Embedded Value, margins, and market share.

Enhancing brand awareness and capturing growth opportunities through diversified marketing channels

The company seeks to strengthen its online brand presence by expanding digital marketing, leveraging social media with over 1 million followers, using multilingual content and analytics for targeted cross-selling, broadening online product offerings, and promoting digital insurance benefits, supported by impactful campaigns like 'Promises Ka Partner', ATM and branch advertising, expert-led media engagement, and strategic content marketing, which have earned industry recognitions including the Global Brand Excellence Award 2023 and ET Edge Best Brands 2024.

Industry Outlook

The Indian life insurance industry, consisting of 25 private players and LIC, has recorded consistent growth since liberalization. Both bank-led and non-bank insurers expanded rapidly in the early years, supported by linked products. Later, digital adoption and regulatory reforms boosted profitability. Despite the pandemic and recent tax changes, the sector continues to show steady growth and is expected to maintain healthy momentum in the coming years.

Promoter and promoter group

Canara Bank and HSBC Insurance (Asia-Pacific) Holdings are the Promoters of the Company. The Company is a joint venture between the Promoters, Canara and HSBC Insurance (Asia-Pacific).

Brief Biographies of directors

- ◆ **Satyanarayana Raju Kalidindi** is the Chairman and Non-Executive Director of the Company
- ◆ **Anuj Dayal Mathur** is the Managing Director and Chief Executive Officer of the Company
- ◆ **Bhavendra Kumar** is a Non-Executive Director of the Company
- ◆ **Santanu Kumar Majumdar** is a Non-Executive Director of the Company
- ◆ **Edward Charles Lawrence Moncreiffe** is a Non-Executive Director of the Company
- ◆ **Amitabh Nevatia** is a Non-Executive Director of the Company
- ◆ **Supratim Bandyopadhyay** is an Independent Director of the Company
- ◆ **Kishore Kumar Sansi** is an Independent Director of the Company.
- ◆ **Geeta Mathur** is an Independent Director of the Company
- ◆ **Suryanarayana Somayajula** is an Independent Director of the Company.
- ◆ **Animesh Chauhan** is an Independent Director of the Company
- ◆ **Rabi Narayan Mishra** is an Independent Director of the Company.

CONSOLIDATED FINANCIALS

Policy holders’ Profit& Loss Account

Y.E March (Rs. cr)	FY24	FY25	Q1FY26
Net Premium	6,932.6	7,850.2	1,653.4
% change	-1	13	26
Income from Inv. (p/h)	3,276.4	1,032.7	1,458.1
Other Income	1,546.7	1,743.4	501.3
Total Income	11,755.7	10,626.4	3,612.8
Claims Incurred (net)	3,150.7	5,060.9	1,099.9
Commission	411.1	507.1	96.2
Operating expenses	935.4	994.2	246.2
Other expenses	7,182.9	3,983.0	2,179.3
Total Op. Expenses	11,680.1	10,545.2	3,621.5
% change	40	-9.7	18.2
Benefits Paid Net	3,150.6	5,060.8	1,099.8
Interim bonus Paid	15.7	22.8	6.8
Change in valuation of liability	7094.8	3871.5	2150.7
Surplus/Deficit	75.7	81.2	-8.7
Transfer to shareholder's ac-count	144.39	132.04	16.46

Share holders’ Profit & Loss Account

Y.E March (Rs. cr)	FY24	FY25	Q1FY26
Transfer from Technical A/c	144.39	132.04	16.46
Income from Investments	96.47	101.87	25.87
Total Op. Income	240.86	234	42.3
% Change	8.6	-2.8	12.2
Other expenses	6.2	5.7	1.17
Contribution to Technical A/c	110.7	100.04	15.08
Total Expenses	117.0	105.7	16.25
PBT	123.8	128.1	26.0
% Change	24	3.4	19.2
Tax	10.5	11.1	2.6
<i>Tax Rate (%)</i>	22	5.7	-16
Reported PAT	113.3	116.9	23.4
% Change	-19.5	3.1	25.1
No. of Shares	95	95	95
EPS	1.19	1.23	.25
% Change	23.9	3.36	25

Balance sheet

Y.E March (Rs. cr)	FY24	FY25	Q1FY26
Source of Funds			
Share Capital	950	950	950
Reserves & Surplus	469	567	590
Fair Value Change	-	-	-
Total	1,419	1,517	1,540
Policy Holder's Fund	19,837	22,499	23,195
Funds for Future appropria-tions	642	688	676
Provision for linked liabilities	15,918	17,148	18,637
Total	37,816	41,852	44,048
Application of Funds			
<i>Investments</i>	21,463	24,018	25,003
<i>Policyholders’</i>	19,893	22,644	23,443
Asset held to cover linked Liabilities	15,918	17,148	18,637
Loans	49	101	117
Fixed Assets	56	46	41
Net current Assets	330	539	250
Total	37,816	41,852	44,048

Ratios

Y.E March	FY24	FY25	Q1FY26
Per Share (Rs.)			
EPS	1.19	1.23	.25
EVPS	54.52	64.32	66.86
BVPS	15	16	16
Claim Settlement Ratio (%)	99.31	99.38	99.38
Valuation (x)			
P/E(x)	89	86	430
P/EVPS (x)	1.94	1.65	1.54
Exps. (% of Premium)			
Commission	5.9	6.5	5.8
Operating Expenses	13.5	12.7	14.9
Margin (%)			
VNB	20	19.07	19.48
Solvency(%)			
Solvency	212.83	205.82	200.42
Persistency Ratio (%)			
13th months	80.73	82.54	84.25
61st months	55.43	57.74	58.20



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GRIEVANCES

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