



IPO Report

Rating

Business
Financials
Valuation
Management

Ranking 1 to 5, denoting lowest to highest

Date: 14 October, 2025



FIN2RESEARCH
Investment Advisor Pvt. Ltd.



Canara HSBC Life Insurance Company Limited

IPO: Canara HSBC Life Insurance Company Limited

| Sector: Insurance

| Expected Listing Returns: Upto 10% to 15%

Stock Info

Issue Size	Rs 2,517.5 Cr
Lot Size	140 Shares
Face Value (per sh.)	Rs 10
Min. Investment	Rs 14,840
Issue Price Band	Rs 100 to 106
Listing At	NSE, BSE
QIB	50%
HNI	14%
Retail	35%
Sales Type	Offer for Sale
OFS	Rs 2,517.5 Cr
Issue Type	Bookbuilding IPO
BRLM	SBI Capital Markets Limited, BNP Paribas, HSBC Securities, JM Financial Limited, Motilal Oswal Investment Advisors
Registrar	KFin Technologies

Canara HSBC Life Insurance Company Limited is a private life insurer in India, jointly promoted by Canara Bank—the fourth largest public sector bank by total assets as of March 31, 2025—and HSBC Insurance (Asia-Pacific) Holdings Limited, part of the globally reputed HSBC Group. The company ranks among the leading bank-led private life insurers, with the third-highest growth in individual weighted premium income (FY2022–FY2025) and the second-highest year-on-year growth within its peer set in FY2025 (CRISIL Report). As of March 31, 2025, it also ranked third in AUM among public sector bank-promoted insurers. Incorporated in 2007, the company has expanded its reach to 10.51 million lives and reported a PAT CAGR of 13.3% from FY2023 to FY2025. Its Embedded Value rose to ₹61,107.4 million as of March 31, 2025, and further to ₹63,526.4 million as of June 30, 2025. With a strong solvency ratio of 200.4%, well above the regulatory requirement, the company remains financially robust and well-positioned for sustained growth.

Key Highlights:

- Strong Parentage and Brand Credibility:** Canara HSBC Life Insurance Company Limited (CHL) benefits from the robust backing of two globally recognized financial institutions—Canara Bank, one of India's largest public sector banks, and HSBC Insurance (Asia-Pacific) Holdings Limited, part of the HSBC Group, a global financial services leader. Punjab National Bank (PNB) also holds a strategic shareholding, though it is partially divesting in this IPO. The association with such reputed financial institutions provides CHL with a strong brand reputation, credibility, and an inherent sense of trust among customers, especially in Tier-2 and Tier-3 markets.
- Deep and Scalable Bancassurance Distribution Network:** The company's key competitive advantage lies in its extensive bancassurance-driven distribution network. As of FY2025, CHL had access to around 15,700 bank branches across India through its promoter and partner network, including Canara Bank, HSBC India, and seven Regional Rural Banks (RRBs) sponsored by Canara Bank. This strong multi-bank distribution model ensures a steady and scalable channel for cross-selling insurance products to existing banking customers, significantly reducing acquisition costs and improving persistency ratios. However, bancassurance remains the dominant contributor to new business—accounting for nearly 87% of individual new business premiums in FY2025—which also highlights dependence on key partners, particularly Canara Bank.
- Consistent Financial Performance and Strong Solvency Position:** CHL has maintained a profitable and stable financial track record over the last three years, supported by prudent underwriting, low cost ratios, and disciplined capital management. The company reported total premium income of ₹71,974 million in FY2023, which increased to ₹80,275 million in FY2025, representing a CAGR of around 5.6%. Profit after tax rose from ₹912 million in FY2023 to ₹1,170 million in FY2025, implying a 13% CAGR, demonstrating consistent bottom-line expansion. The company's solvency ratio stood at 205.82% in FY2025, comfortably above the regulatory minimum of 150%, ensuring adequate capital adequacy to support future growth. Additionally, net worth stood at ₹35.3 billion, with zero debt, reflecting a conservative and strong balance sheet structure.

IPO Timeline

Opening Date	Fri, 10 October, 2025
Closing Date	Tue, 14 October, 2025
Allotment	Wed, 15 October, 2025
Initiation of Refund	Thu, 16 October, 2025
Credit of shares	Thu, 16 October, 2025
Listing Date	Fri, 17 October, 2025

Shareholding Pattern (Promoters)

Promoters and Promoter Group	77%
Public	23%

Objective of Issue

- The IPO is an Offer for Sale of up to 23.75 crore shares aggregating ₹2,517.5 crore by existing shareholders. The company will not receive any proceeds. The listing aims to enhance visibility, brand image, and share liquidity.

Valuation & Investment Recommendation

At the upper end of the price band, Canara HSBC Life Insurance is valued at around ₹10,070 crore, translating to a P/E of 86.2x (FY25 EPS) — broadly in line with the industry average of 79.4x. The slight premium is supported by the company's robust growth trajectory and operational efficiencies, with CRISIL noting that its individual weighted premium income grew at the third-fastest rate among bank-led insurers between FY2022 and FY2025.

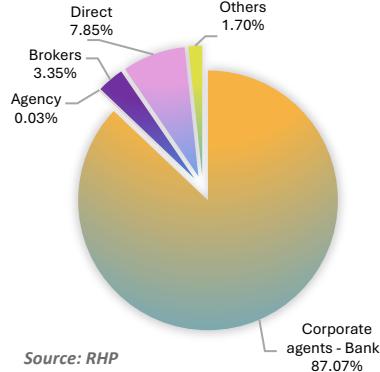
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SWOT Analysis

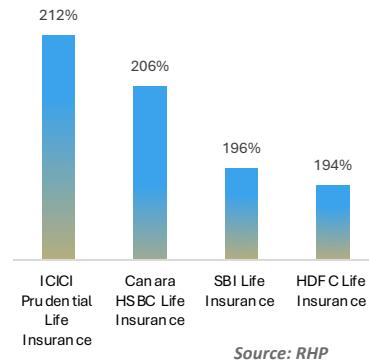
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- Backed by reputed promoters – Canara Bank and HSBC Insurance (Asia-Pacific), ensuring strong brand equity and governance standards.
- Access to 15,700 bank branches through promoter and partner networks, offering deep market penetration and a stable bancassurance pipeline.
- Consistent profitability since FY2022 – PAT of ₹1,170 mn in FY2025; solvency ratio 206% (vs. 150% regulatory minimum).
- High claim settlement (99.3%) and persistency (85%) ratios reflect operational strength and customer trust.
- AUM CAGR of 16.7% (FY23–25) to ₹412 bn – strong fund management and policyholder retention.

Bancassurance channel has contributed to 87.07% of new business premium sourced for Canara HSBC, highest as compared to other peers, ensuring steady business inflows and lower customer acquisition costs compared to agency-driven peers.

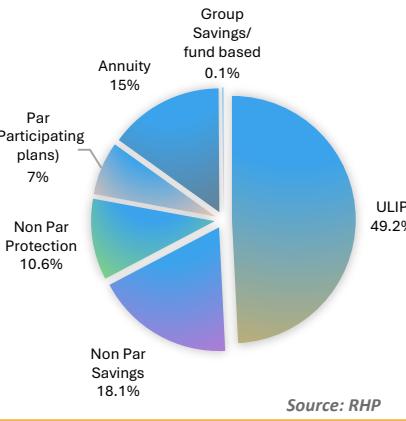


Company's solvency ratio of 206% (FY2025) remains well above the regulatory threshold of 150%, reflecting a strong capital position and prudent risk management.



WEAKNESSES

Canara HSBC Life Insurance's current business mix is heavily skewed toward low-margin product categories, primarily Unit Linked Insurance Plans (ULIPs) and traditional savings or participating products. These products, while contributing significantly to the top line and assets under management, generate relatively lower profitability compared to high-margin protection, term life, and annuity products.



THREATS

Intense Competitive Landscape: The Indian life insurance market is highly competitive, with dominant players like LIC, SBI Life, HDFC Life, and ICICI Prudential commanding strong distribution networks, higher brand visibility, and superior scale advantages. Price competition, aggressive product innovation, and marketing spends by larger peers could pressure CHL's margins and limit its ability to gain market share.

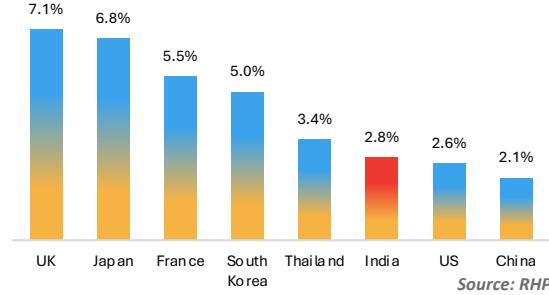
Dependence on Regulatory Environment: Life insurers in India operate under stringent IRDAI regulations concerning solvency, commission structures, product approvals, and capital norms. Any adverse regulatory changes—such as revised solvency requirements, reduced commission caps, or stricter product guidelines—could affect CHL's profitability and capital adequacy.

Over-Reliance on Limited Distribution Partners: The company's business is concentrated among a few bancassurance partners—especially Canara Bank and HSBC India. Any change in management strategy, ownership, or operational priorities at these banks could adversely impact CHL's business volume.

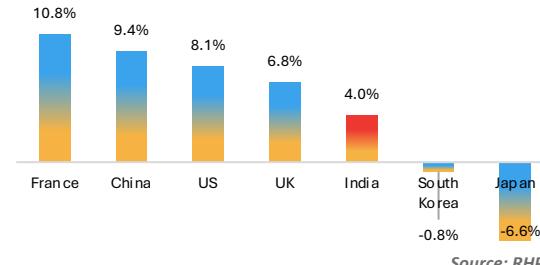
OPPORTUNITIES

India's life insurance penetration remains low, at around 2.8% of GDP, compared with the global average of 7–8%. This underpenetration, coupled with a rapidly expanding middle class, increasing financial literacy, and favorable demographics, provides a massive long-term opportunity for CHL. Rising awareness of financial protection, coupled with government-backed financial inclusion programs and tax incentives for insurance investments, will drive sectoral growth. As a mid-sized, bank-backed insurer, CHL is well positioned to capture a meaningful share of this structural growth.

Life insurance industry penetration (premium as % of GDP) for different economies (for CY 2023).



India reported total life insurance premium growth of 4.0% in CY 2024 which was lower than global average of 7.2% during the same period.



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