

Rating: Subscribe for long term

Issue Offer

The IPO is a book-built offering comprising an offer for sale of 23,75,00,000 equity shares with a total issue size of up to INR 2,517.50 Crore.

Issue Summary

Price Band INR	100-106
Employee Discount INR	10
Face Value INR	10
Implied Market Cap (INR Crore.)	10,070
Market Lot.	140
Issue Opens on	Oct 10, 2025
Issue Close on	Oct 14, 2025
No. of share pre-issue	950,000,000
No. of share post issue	950,000,000
Listing	NSE, BSE

Issue Break-up %

QIB Portion	≤ 50
Retail Portion	≥ 35
NII Portion	≥ 15

Registrar

KFin Technologies Limited

Book Running Lead Managers

SBI Capital Market Ltd
BNP Paribas
HSBC Securities and Capital Markets (India) Private Limited
Motilal Oswal Investment Advisors Limited
JM Financial Limited

	Pre-Issue	Post-Issue
Promoters	77.00%	52.00%
Public & Others	23.00%	48.00%

Objects of the issue

- To achieve the benefits of listing the Equity Shares on the Stock Exchanges and for the Offer for Sale of up to 237,500,000 Equity Shares.

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Canara HSBC Life Insurance is one of India's largest private life insurance companies, sponsored by Canara Bank and HSBC Insurance Asia-Pacific. Bancassurance remains the company's paramount distribution channel, accounting for 92.33% of new business premium during Q1FY26. It has distribution agreements with Canara Bank, HSBC India, 7 regional rural banks, and other bancassurance relationships. Canara Bank alone manages 9,849 branches with access to 11.7 crore customers, while HSBC India operates 26 branches with approval for 20 new branches. The company's product portfolio comprises 20 individual products, 7 group products, 2 optional rider benefits, and policies under the PMJJBY scheme. Operating Return on Embedded Value (Operating RoEV) stood at 19.53% in FY25 and 15.70% for Q1FY26. Value of New Business (VNB) increased from INR 377.60 crore in FY24 to INR 446.08 crore in FY25, with VNB margin at 19.07% for FY25.

Investment Rationale:

Strong Distribution Network Anchored by Bancassurance Strength: The company's bancassurance channel remains its core business engine, contributing over 92% of new business premium in Q1FY26. Its tie-ups with Canara Bank, HSBC, and 7 Regional Rural Banks (RRBs) provide access to a vast 15,700+ branch network across India, spanning Tier I to Tier III cities. Canara Bank alone contributed INR 1,579.94 Crore (72.52%) of the company's individual weighted premium income (WPI) in FY25. This wide reach ensures steady policy sales and keeps customer acquisition costs low since the company uses existing bank infrastructure. Additionally, emerging channels like brokers and direct digital sales are scaling up broker and corporate agent premiums grew 20.76% CAGR between FY23–FY25, showing the company's focus on diversifying beyond bancassurance for long-term sustainability.

Diversified Product Portfolio Supporting Balanced Growth: The company offers a wide portfolio of 20 individual and 7 group products, along with 2 optional riders, covering protection, savings, investment, and retirement segments. Its product mix remains balanced in FY25, led by ULIP (53.68%) followed by Non-PAR Savings (20.04%) and Annuity (13.11%) of APE. The company's sum assured has grown at a CAGR of 19%, from INR 2,91,295 crore in FY23 to INR 4,12,491 crore in FY25. The flexibility and customization offered by its products, along with consistent improvement in persistency ratios (13th month at 82.54% and 61st month at 57.74% in FY25), reflect strong customer retention and high-quality underwriting standards, which together drive stable margins and profitability across business cycles.

Digital Transformation Driving Operational Efficiency and Customer Experience: The company's significant focus on digitization has enhanced productivity and customer satisfaction. Over 99.7% of applications were processed digitally, and 67% through straight-through processing (STP), eliminating manual intervention. The company's average claim settlement time improved from 5.97 days in FY23 to 5.33 days in Q1FY26, while maintaining a high claim settlement ratio of 99.38%. Its predictive and prescriptive AI models for underwriting, claims detection, and policy renewal have led to improved persistency and customer satisfaction (NPS 75 in June 2025).

Valuation and View:

India's life insurance penetration was 2.8% of GDP in 2023, lower than Thailand (3.4%), South Korea (5.0%), and Singapore (7.4%) while the US and Europe regions had 10% of GDP or higher average insurance penetration. These figures not only show the tremendous opportunity in this segment but also the immense growth potential. The company is well placed to benefit from India's growing life insurance market, supported by strong parentage from Canara Bank and HSBC, a wide bancassurance network, and an expanding digital and broker base. It has shown steady growth in premiums and profitability, with PAT rising at a 13% CAGR from FY23 to FY25 and embedded value increasing to INR 63,526 crore as of June 2025. With a solvency ratio of 200% and a claim settlement ratio of 99.4%, its financial position remains sound. Continuous improvements in persistency ratios, a balanced product mix across ULIPs, savings, and annuity plans, and rising customer satisfaction reflect a stable and scalable business model. While the company enjoys wide bancassurance reach through 15,700+ branches, its branch productivity in terms of premium (INR 0.21 Crore vs. Avg of INR 0.51 Crore of bank led peers) and in policies (16.8 Vs. Avg of 38.2 policies in FY25) trails peers. However, the strong network, trusted partners, and lower operating costs from shared infrastructure provide a solid foundation for improving efficiency and driving future growth. **At the upper band of INR 106, the issue is valued at a P/EV of 1.65x, based on a Embedded Value of INR 64.323/share. We are recommending a "Subscribe for long-term" rating for this issue.**

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Stock Rating Scale

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

Absolute Return**Research Analyst
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