Interview Feature- Anuj Mathur is the Managing Director and Chief Executive Officer (MD & CEO) of Canara HSBC Life Insurance

Online

Publication: CNBC TV18	Media: Online
Edition: National	Page No: NA
Online Viewership: 10 M	Date: 29.04.2026

Canara HSBC Life sees margins stabilising in FY27 after GST impact

Anuj Mathur, MD and CEO of Canara HSBC Life Insurance, attributed margin improvement to product mix, including protection and traditional policies. The company reported higher growth than the industry and said it will wait for clarity before giving growth guidance, while continuing to rely on bancassurance and expanding agency distribution.

Anuj Mathur, MD and CEO of Canara HSBC Life Insurance, said the company expects value of new business (VNB) margins to stabilise in the financial year 2026-27 (FY27) after accounting for regulatory changes and product mix shifts.

Mathur said the impact of the goods and services tax (GST) is now part of the base and will not create fresh disruption, adding that the company saw a margin impact of about 1.85% in the previous year.

He guided that VNB margins for FY27 are expected in the range of 22% to 23%.

The company reported higher margins for the January-March 2026 quarter of the financial year 2025-26 (FY26) on April 28, supported by a shift towards protection products and traditional policies.

On growth visibility, Mathur said the company will wait for clarity in the external environment before issuing guidance, but highlighted that it has consistently grown faster than the industry. He said the company reported 20% growth in retail APE last year compared with about 10% industry growth.

The company, which has a current market capitalisation of ₹13,998.25 crore, has seen its shares gain more than 24% over the last six months.

*These are the edited excerpts of the interview.*Q: Let's talk about the VNB margins for Q4 — over 30%. What led to the sharp jump in the VNB margins? What was the GST impact? If you exclude that, what would the normalised margins look like? And similarly, what can you guide for FY27 in terms of VNB margins and growth?A: We are very happy with the outcome. We have seen very decent growth. And as you rightly pointed out, our VNB margins have improved. If I look at our absolute VNB, that has also improved. So, there are many factors which have impacted VNB, and the first one is the protection mix, which we have been able to increase significantly. So that's paying off.

Number two, our focus on traditional business, particularly in the last quarter, has helped us in the optimisation of VNB. Obviously, there was some dent because of the GST and the new labour code, but overall, we were able to neutralise the impact because of the positives, which I talked about.

Q: And what's the guidance for the VNB margins for FY27, and what will be the GST impact next year?A: GST impact is now baked in, so it's part of the business now. Last year, it came as a surprise in the middle of the year. So, if I talk about the attribution, what we saw last year was that roughly our impact because of GST was about 1.85%. That's what we saw on the VNB margins. Coming to guidance for this year, we expect our VNB margins to be in the range of about 22% to 23%. That's what we feel we can deliver this year.

Q: I have two questions. One is that the companies, of course, will grow at varying speeds, and they'll do things, some differently and some the same. But right from the top, in terms of the government, the Reserve Bank of India, there is a publicly espoused aim to increase insurance penetration in a big way and do whatever it takes to get it done. Are we on the cusp of regulations which will change the structure of the industry? One of the things, of course, is who is able to sell these policies — bancassurance tie-ups, etc. Should exclusive bancassurance tie-ups be allowed or not? Could you tell us your own situation? Do you have exclusive tie-ups with Canara HSBC Life, or do they have more tie-ups?A: First of all, I would like to mention that the regulatory framework is very positive. The GST exemption, which came in in September of last year, has actually helped the business. So, there are positive tailwinds, particularly when we talk about the protection business. It's more affordable. So, overall, the regulatory framework is very good. We have seen good demand for insurance products coming in, and I feel that insurance penetration can increase significantly.

As far as the business model is concerned, our business model is primarily bancassurance, and that model has worked very well. If you look at our franchise, our distribution network, it's great, and I think that is what is leading to our growth and will continue to propel our business growth.

Now, talking about open architecture — in our case, with Canara Bank, we are there, and along with us, there is LIC. So that is the case with Canara Bank. HSBC is exclusive. But in my view, the focus should be more on penetration, and it will come through bancassurance as well as agency.

By the way, we have also launched an agency channel in the month of October, and we have seen good outcomes in our initial months. So, overall, I feel that the business model, which is bancassurance, is good, and for us, there is no challenge in terms of the architecture.

Q: So, Canara Bank sells Canara HSBC Life policies, and they sell other policies as well.A: They have LIC as the other partner, so they also sell policies of LIC.

Q: So, if it is opened up, as we heard from the DFA Secretary and others, does that have an impact, or are you already hedging a little bit with the agency channel, as you said, to account for that eventuality?A: I don't foresee any impact on our business because, first of all, if you look at our penetration, it's less than 2%. So, there's ample scope, and our business model is very robust. So, I don't foresee any kind of challenge. We are geared up for whatever the regulatory ask is.

Q: My colleague Yash Jain put out a story saying that your foreign partner, HSBC, is looking to hike its stake in Canara HSBC Life. Have you heard anything in this regard? Should we expect something soon?A: I would not like to comment on market speculation. So, I have no comments on this, and I have no idea.

Q: But you wouldn't deny it as well?A: No, that's a shareholder matter, so I'm not even aware of it. So, I would not like to comment on it.

Q: The VNB margins you have given us — tell us, what about growth? What kind of growth do you expect in APE retail?A: Last year, we had 20% growth in our retail APE, which was in line with the guidance we gave. This year, if you look at the overall geopolitical environment, there is a bit of uncertainty. So, we would like to wait for some time before giving guidance, for the overall environment to be clear. So, at this point in time, we would not like to give any guidance.

But one thing which I would like to mention is that, as a company, we have always outperformed the industry growth. If you see last year, our growth has been 20% vis-à-vis industry growth of about 10%. So that's something which we have consistently delivered over the years — that our growth has been significantly higher than the industry.

Q: In Q4, your APE growth was only 11.7%. Was that also ahead of the industry, or did you underperform in Q4?A: No, it was mildly ahead of the industry. And we did well in terms of our product mix. So, we focused more on the traditional mix, i.e., traditional policies, where the ticket size is relatively smaller. So that's where we got this growth of about 12%.

Q: Going again to the channel side, right, distribution side — out of 100 policies sold, how much is sold through Canara, and how much is sold through HSBC?A: Canara is about 72% of our total business. HSBC is around 13% to 14%, and then we have a few other bank tie-ups, which give us another 6% or so. Our alternate channels are currently contributing about 8% to 9%. So that's a broad mix.

Q: So, HSBC is about 14%, right?A: That's right.

Q: But that is exclusive — you're the only policy they sell?A: On the life insurance side, yes.

Q: Anything changing in terms of commissions?A: In our case, we continue to pay whatever commissions we have been paying, and in that sense, we are very moderate in terms of our commission rates. So, we'll continue, and we follow whatever regulatory instructions come over a period of time. But we don't foresee any challenge in our case, because our commission rates are quite moderate.

Link: https://www.cnbctv18.com/market/earnings/gst-impact-baked-in-fy27-vnb-margins-seen-at-22-23-canara-hsbc-life-q4-earnings-results-boardroom-19895523.htm