

02nd June, 2025

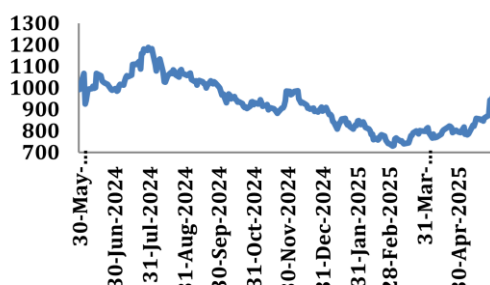
LIFE INSURANCE CORP. OF INDIA

Industry	Insurance
No. of Shares (Crore)	632.50
Face value (Rs.)	10.00
Mkt. Cap (Rs. Crore)	6,03,120.16
Price (30/05/2025)	953.55
Book Value (Rs)	201.61
P/BV	4.73
BSE Code	543526
NSE Code	LICI
Bloomberg	LICI IN
Reuters	LIFI.BO
Avg. Weekly Volume (NSE)	65,64,520
52 W H/L (Rs)	1,221.50 / 715.35

Refer our Research Report dated May 31, 2023(RC-595), 2023 Samvat Picks(RC-611), Research report date Feb 21, 2024(RC-1041) and Research Reports dated Nov 21, 2024 (RC- 882) In 2024, it touched an all-time high of Rs 1,222 on Aug 01, 2024. LIC has proposed a dividend of Rs 12/- for FY25. Keeping in mind the dominant position in the life insurance industry and attractive valuations, we recommend a BUY again. (RC – Recommended Price)

Recommendation
BUY

Life Insurance Corporation Of India


Company Background

Life Insurance Corporation of India (LIC) is a dominant force in India's life insurance industry commanding a market share of 66.83% and 57.05% in Policies and Premiums respectively at the end of FY25. It also holds the distinction of managing the country's largest Assets Under Management (AUM) worth Rs 54.52 Lakh Crs at the end of FY25. LIC has the largest agency force of 14.87 Lakh agents with a 47.61% market share.

Rationale For Investment

➤ LIC's focus on its Non-Par products is expected to drive the revenue and profitability growth in future. During the year ended March 2025, the share of non-par products increased to 27.69% from 18.32% a year ago. During the same period, the share of par products dropped to 72.31% from 81.68%. LIC's focus on changing product mix and launching new non- par products has shown positive results, with a significant increase in non- par share within the individual business.

➤ Assets Under Management (AUM) at the end of FY25 stood at 54,52,6297 Cr as against Rs 51,21,887Cr growing 6.45% YoY. LIC still holds the leadership position amongst its other peers. LIC India commands highest AUM in the life insurance industry accounting for 72% of the total AUM, while private players have a total AUM of Rs. ~14 lakh crore. SBI Life and ICICI Prudential Life follow LIC India taking second and third position managing an AUM of Rs.4.50 lakh crore and Rs.3.09 lakh crore, respectively.

➤ LIC's solvency ratio has shown a steady improvement since FY19. It has gone up from 160% in FY19 to 198% at the end of FY24 to 211% at the end of FY25. The regulator requirement of the same is 150%.

➤ The claim settlement ratio of LIC in the event of any unforeseen calamity is high at 99.41% at the end of FY25 signifying the fact that it instils a sense of confidence among customers that claims will not only be processed smoothly but also settled in a timely manner.

➤ India is expected to witness an increase in demand for annuity products given the fact that 83% of the country's employed population works in the unorganised sector that is not covered by formal pension or provident fund schemes. LIC is a key player in the annuity/pension business, led by its strong presence in the group segment with a market share of 66.83% as it continues to have an unrivalled advantage owing to its vast size and deep reach.

Recommendation

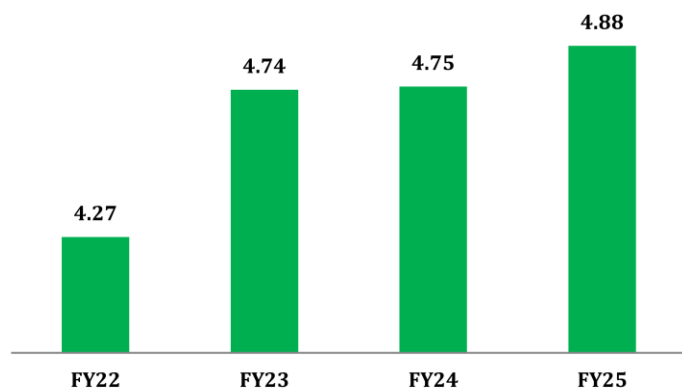
Life Insurance Corporation of India still retains the prime choice amongst the general population in new policy generation. LIC remains confident of growth (both par/non-par), recovering persistency via internal measures while underlining scope for further improvement in margins. Continued focus on ramping up the share of non-par products, along with strategic changes in product offerings and pricing bode well. Additionally, emphasis on higher-yielding non-par products is expected to further support VNB margin expansion. Enhanced focus on digital initiatives is likely to drive customer acquisition and customer servicing too. Valuations too seem attractive compared to its other listed peers. We would recommend a BUY with a target price of Rs 1,266 in the next 9-12 months, thus implying a rise of 33% from the current levels.

Particulars (In Rs. Crs)	Q4FY25	Q4FY24	Var%	FY25	FY24	Var%
Premium Income	147,917.19	152,767.26	-3.17	489,775.39	476,831.22	2.71
Operating Profit	21,045.37	14,555.45	44.59	51,460.89	42,942.06	19.84
Consolidated Net Profit	19,038.67	13,781.59	38.15	48,320.33	40,915.85	18.10
Reserves	121,193.93	76,612.06	58.19	121,193.93	76,612.06	58.19
Equity	6,325.00	6,325.00	-	6,325.00	6,325.00	-
EPS (Rs.)	30.10	21.79	38.14	76.40	64.69	18.10

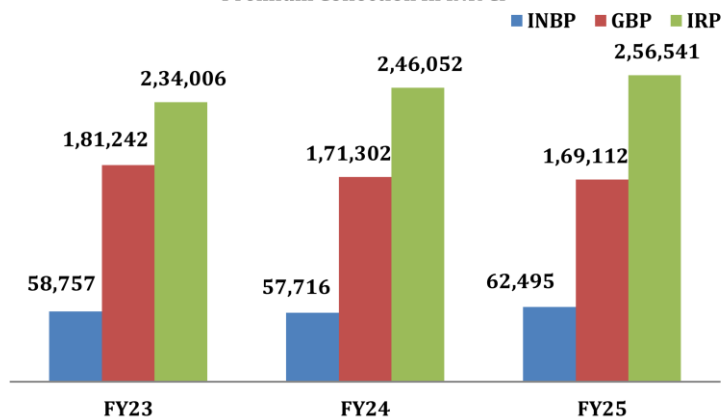
*Source: Company, Ace Equity, AUM Research

Life Insurance Corporation Of India Q4 & FY25 Results and Business Updates

Total Premium Income In Rs Lakh Cr

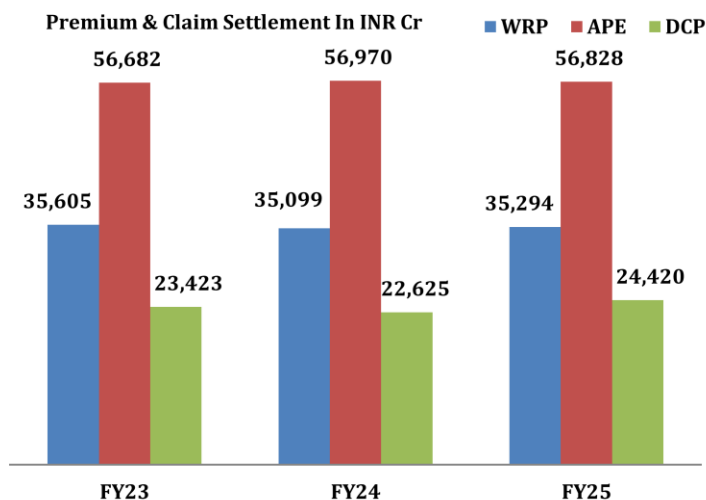


Premium Collection In INR Cr

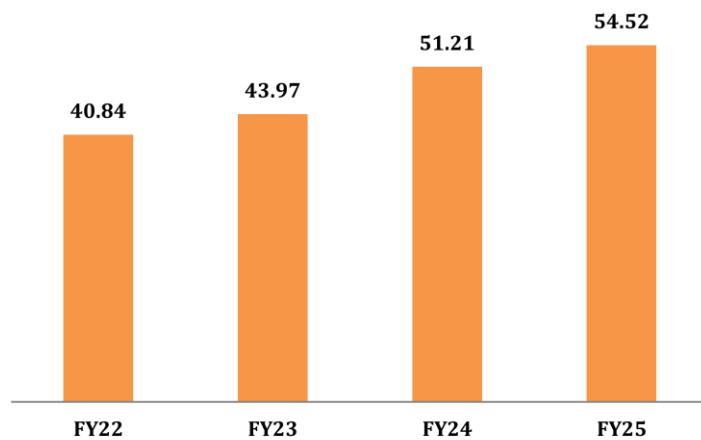


INBP- Individual New Business Premium, GBP- Group Business Premium, IRP- Individual Renewal Premium

Premium & Claim Settlement In INR Cr

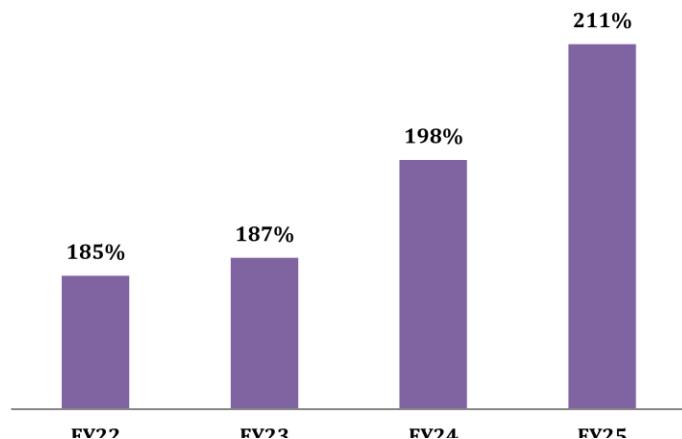


Assets Under Management In INR Lakh Crs

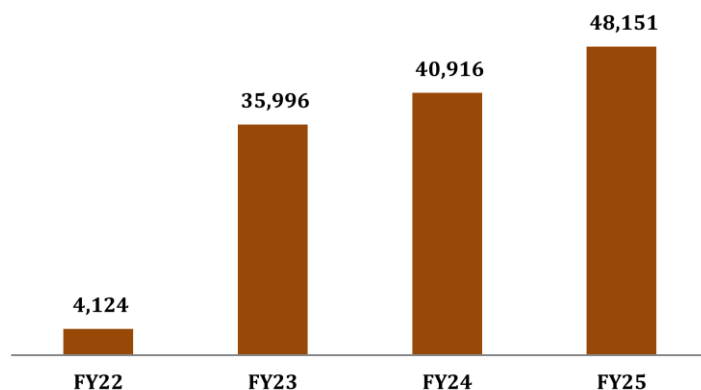


WRP- Weighted Received Premium, APE- Annual Premium Equivalent, DCP- Death Claim Paid

Solvency Ratio

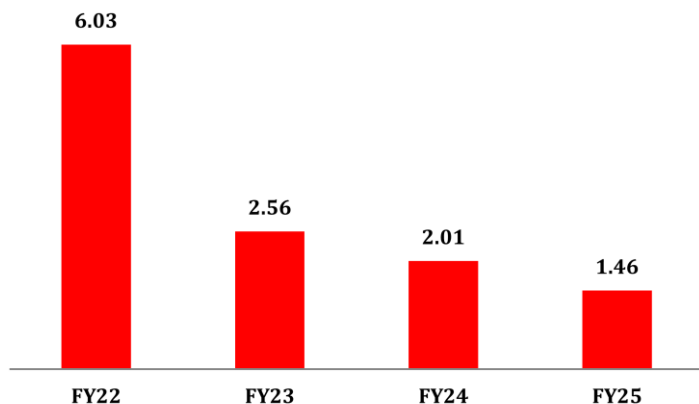


PAT In INR Crs

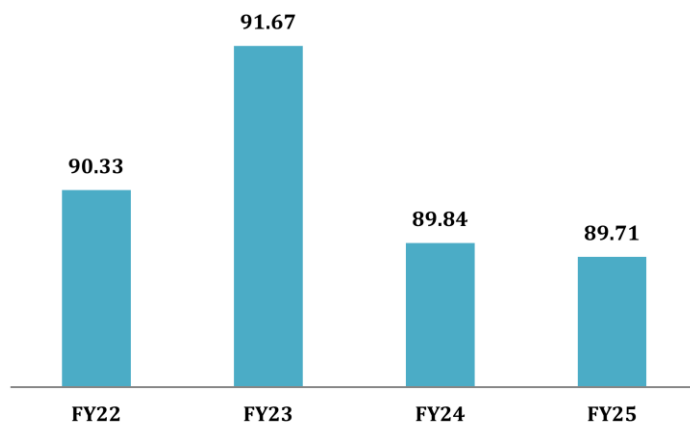


*Source: Company, Ace Equity, AUM Research

Gross NPA %



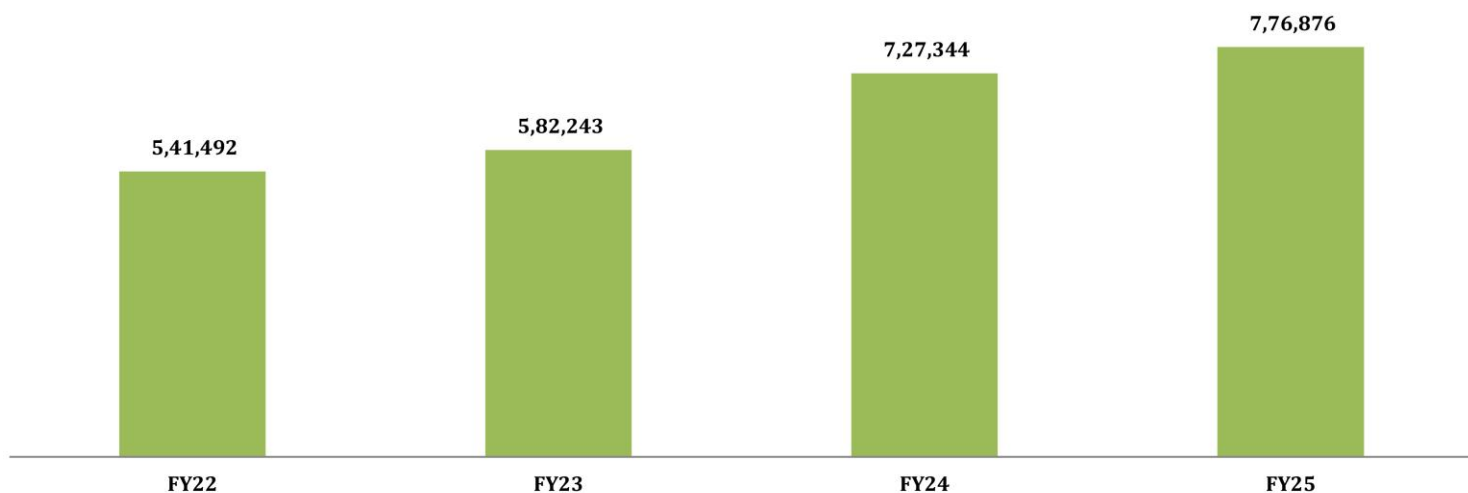
Conservation Ratio %



Conservation Ratio is the ratio of renewal premium of the current financial year to the total of first year premium and renewal premium of the previous financial year.

Embedded Value

Embedded Value In INR Cr



Embedded value is the sum of the net asset value and present value of future profits of a life insurance company. This measure considers future profits from existing business only, and ignores the possibility of introduction of new policies and hence profits from those are not taken into account.

Annual Premium Equivalent (APE)

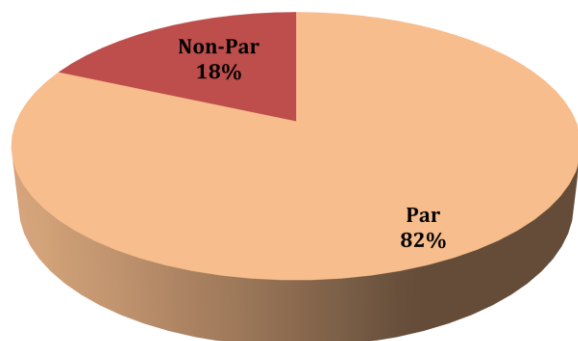
	Line Of Business In INR Crs	FY23	FY24	FY25
A	Individual Par	35,231	31,392	27,636
B	Individual Non-Par	3,436	7,041	10,581
C	Total Individual = A+B	38,667	38,433	38,217
D	Group	18,015	18,537	18,610
E	Total APE = C+D	56,682	56,970	56,827

*Source: Company, Ace Equity, AUM Research

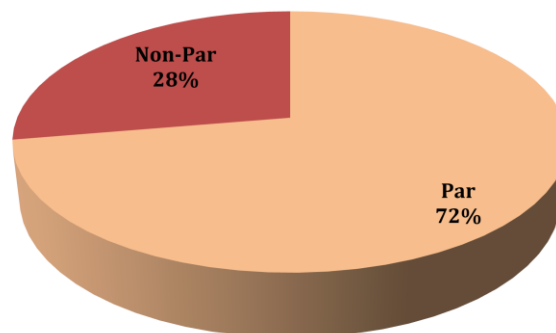
Annual premium equivalent (APE) is a common measure of ascertaining the business sales in the life insurance industry. It is the sum of the regular annualized premium from the new business plus 10% of the first single premium in a given period.

Increasing share of Non-Par in Annual Premium Equivalent (APE)

Individual APE FY24



Individual APE FY25



*Source: Company, Ace Equity, AUM Research

Q4&FY25 Earnings Highlights

- **Premium Income:-** Gross premium income came in at Rs 1,47,886 Cr in Q4FY25, a decline of 3% YoY, primarily due to a 20% decline in first-year premium. First year premium was down owing to the implementation of new surrender regulations and the relaunching of products thereon. However, for FY25, it increased by 3% and stood at Rs 4,88,848 Cr, supported by a 4% rise in renewal premium and 3% growth in single premium.
- **Market Share:-** 57.05% in overall first year premium income in FY25 in the whole industry. LIC continues to be the market leader in individual and group businesses with respect to first year premium income with 37.46% and 71.19% market share respectively. LIC has a 65.81% share in Individual Policies and 77.77% in Group Policies and an overall share of 65.83% with respect to Total Number of Policies Issued in FY25 for the whole industry.
- **Annual Premium Equivalent (APE):-** A significant decline was witnessed in APE for H2FY25 on account of income decline in Q3, owing to regulatory changes that doubled the minimum ticket size, adversely affecting the participating segment. LIC is however confident of APE growth to improve going forward.
- **New Business & VNB Margins (Value of New Business):-** VNB stood at Rs 3,534 Cr in Q4FY25, a de-growth of 3% from Q4FY24. For the full year, it grew by 4.5% at Rs 10,011 Cr. Margins stood at 18.7% while for FY25, it came in at 7.6%. Margin in the individual business is close to 21% in Q4FY25. VNB margins are the highest for non-par products, given their lower equity exposure and higher fixed-income component. LIC stated that VNB sensitivity is higher at lower risk-free interest rates and declines as rates increase.
- **Embedded Value:-** The Indian Embedded Value registered a CAGR of 12.8% over FY22–FY25, reaching Rs 7,76,876 Cr. For FY25, EV increased from Rs 7,27,344 Cr to Rs 7,76,876 Cr, growing 6.81% YoY.
- **Persistency Ratio:-** On a **Policy basis**, Persistency Ratio moved to 59.32%/52.66%/50.31% in FY25 as against 57.47%/52.50%/48.59% in FY24 for the 25th/31st/61st Month respectively. For the 13th/49th Month, Persistency dipped from 66.99%/53.23% in FY24 to 64.12%/48.79% in FY25. **Premium Wise**, 37th/61st month persistency stood at 66.11%/63.12% in FY25 against 65.47%/60.88% in FY24. 13th/25th/49th month persistency dipped from 77.66%/71%/66.31% in FY24 to 74.84%/70.99%/61.51% in FY25. LIC has taken decision on increasing ticket size, changing premium, commission structures to align with persistency. Because of these changes, there is decline in persistency on 13-month. Improvement in persistency is a strategic focus area for the company. LIC expects improvement as intermediaries get used to higher/appropriate ticket size from the point of view of persistency and customer offerings. LIC stated that non-par business' persistency is slightly better than par business. *(In the insurance industry, the persistency ratio is a key metric that indicates the percentage of policies that remain in force or are renewed by policyholders. A higher persistency ratio suggests greater customer retention and satisfaction, while a lower ratio indicates a higher number of policy cancellations or lapsations).*
- **Increase in share of Non-PAR Business:-** Individual non-par mix has increased from 7.12%/8.9%/18.3% in FY22/FY23/FY24 to 27.7% in FY25.
- **Launch of new products:-** LIC launched seven new products (Money Back - 1, Pension - 1, Endowment - 3, Term - 2) in FY23 and six new non-par products (Dhan Vriddhi, Jeevan Kiran, Jeevan Utsav, Jeevan Dhara, Index Plus, Amritbaal) in FY24. It also modified

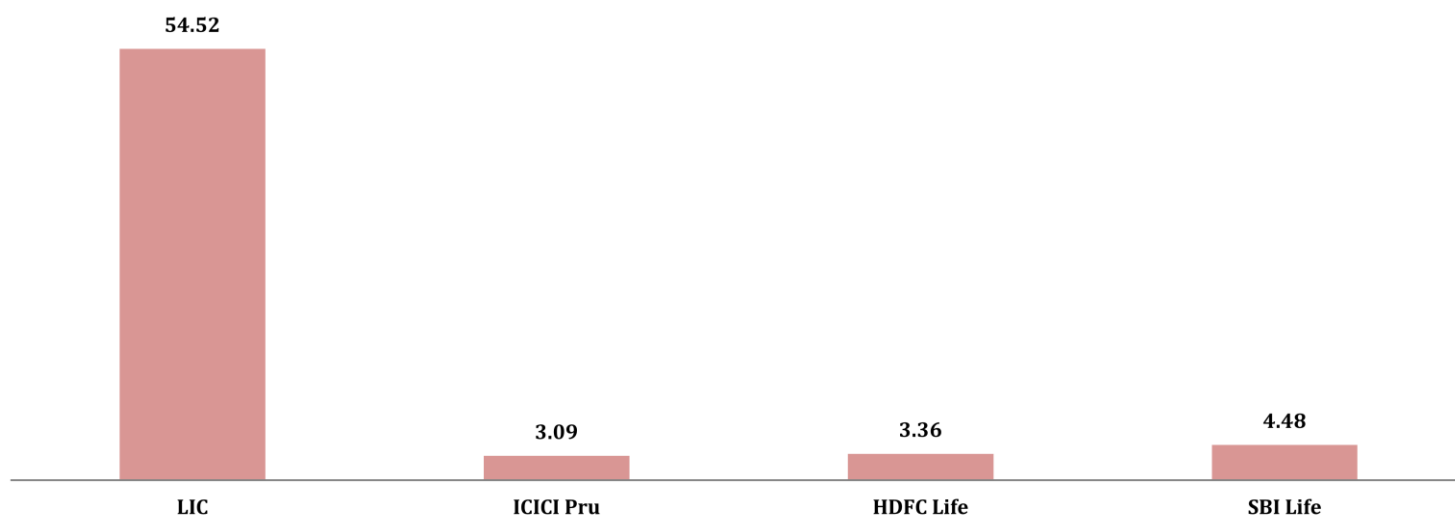
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four plans (Cancer Cover, Dhan Vriddhi, Jeevan Akshay-VII, Jeevan Shanti) in FY24. In H1FY25, it launched term and credit life products for individual and group segments.

- **Digital transformation:-** Increased digital processes all across to drive higher efficiency. More than 0.8mn/1.16mn policies were issued in FY23/24 and 1.47mn in FY25 via Atma Nirbhar Agent App (ANANDA). Number of agents activated on app was 0.16mn/0.22mn in FY23/FY24 and 0.29mn in FY25. LIC's ANANDA is now integrated with WhatsApp. Website registered customers increased from 19.5mn/21.6mn in FY22/FY23 to 24mn in FY25.
- **Agency Transformation project:-** Bima Sakhi Yojana/Mahila Career Agent Scheme was launched by Prime Minister Narendra Modi on 9 Dec'24, which is a step towards Viksit Bharat through empowerment of women. The Bima Sakhi scheme has been received by the nation with great enthusiasm. Till date more than 148,000 women have been registered, 471,000 policies were sold and INR 6.05bn NBP were collected.
- **Focus on agency channel while maintaining focus on banca and alternate channel mix:-** Banca and alternate channel mix improved (2.9%/3.85%/3.99% in FY22/FY23/FY24 to 5.59% in FY25). Individual NBP collected by banca/alternate channel grew 58% YoY in FY25.
- **Focus on Yield maximization and balancing risk:-** Yield on investment (policyholders fund) was 8.65% in FY25 (vs. 8.93% in FY24) and yield on investment (shareholders fund) was 6.93% in FY25 (vs. 8.02% in FY24). AUM, as on Mar'25, stands at INR 54.5trn (vs. INR 51.2trn in Mar'24), reporting a rise of 6.5% YoY. Solvency ratio was at 2.11x as on Mar'25 vs 1.98x as on Mar'24.
- **Others:-** Since the implementation of the IRDAI Insurance Product Regulation 2024, LIC has launched 51 products as of March 2025 that includes 31 individual products, 12 group products, 5 individual riders and 1 group rider. LIC sold 17.78 mn policies in FY25 against 23.09 policies in FY24. 98% of the policies were sold by the agency force. With respect to Claims Processed, LIC processed 22.52 Mn claims.

LIC has the Highest Assets Under Management (AUM)

AUM In Lakh Cr



Valuations attractive compared to its other listed peers

	Components In INR Crs except Implied Multiple	LIC	ICICI Prudential	HDFC Life	SBI Life
A	Embedded Value as on March 2025	7,76,876	47,951	55,400	70,250
B	Market Capitalization	6,06,188	96,551	1,65,567	1,82,392
C	Implied Multiple = B/A	0.78	2.01	2.99	2.60

Financials

Consolidated Quarterly Results (Value in Rs. Crs)						
Particulars	Q4FY25	Q4FY24	Var%	FY25	FY24	Var%
Premium Income	147,917.19	152,767.26	-3.17	489,775.39	476,831.22	2.71
Total Expenditure	223,042.96	238,409.86	-6.45	842,076.34	817,884.89	2.96
PBIDT (Excluding OI)	-75,125.77	-85,642.60	12.28	-352,300.95	-341,053.67	-3.30
Other Income	96,171.14	100,198.05	-4.02	403,761.84	383,995.73	5.15
Operating Profit	21,045.37	14,555.45	44.59	51,460.89	42,942.06	19.84
PBT	21,045.37	14,555.45	44.59	51,460.89	42,942.06	19.84
Tax	3,429.07	2,031.28	68.81	7,946.65	6,097.69	30.32
Profit After Tax	17,616.30	12,524.17	40.66	43,514.24	36,844.37	18.10
Minority Interest	-17.89	2.49	-	-41.13	-31.08	-
Share Of Associates	1,440.26	1,254.93	14.77	4,847.22	4,102.56	18.15
Consolidated Net Profit	19,038.67	13,781.59	38.15	48,320.33	40,915.85	18.10
Equity	6,325.00	6,325.00	-	6,325.00	6,325.00	-
EPS	30.10	21.79	38.14	76.40	64.69	18.10
Reserves	121,193.93	76,612.06	58.19	121,193.93	76,612.06	58.19

Consolidated Income Statement (Value in Rs. Crs)			
Particulars	FY24	FY23	FY22
Balance Bought Forward from Policy Holders Technical A/c (Life)	40,215.10	35,580.15	12,201.87
Income from investments	3,724.75	1,182.43	206.92
Other Income	151.68	130.98	110.63
Other Expenses	334.85	53.86	27.38
Provisions for Diminution in value of Investments	1.58	7.76	-
Other provisions	2,698.50	751.00	8,327.46
Profit Before Taxation	41,056.60	36,080.94	4,164.58
Provisions For taxation	140.75	84.29	39.87
Profit After Taxation	40,915.85	35,996.65	4,124.71
Balance B/F From Balance Sheet	39,217.53	4,175.14	112.85
Appropriations	80,156.96	40,166.88	4,237.56
Balance C/F To Balance Sheet	75,701.83	39,217.53	4,175.14

*Source: Company, Ace Equity, AUM Research

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Balance Sheet (Value in Rs. Crs)			
Particulars	FY24	FY23	FY22
Sources Of Funds			
Share Capital	6,325.00	6,325.00	6,325.00
Total Reserves	76,766.76	40,219.94	5,039.73
Fair Value Change Account Cr / (Dr)	-192.16	-194.97	92.79
Borrowings	-	-	1.29
Policy Holders Funds			
Fair Value Change Account Cr / (Dr)	6,92,695.38	3,48,297.59	4,00,274.47
Policies Liabilities	44,12,013.83	40,68,913.79	37,27,966.07
Insurance Reserve	28,527.08	25,207.91	17,092.83
Provisions for Linked Liabilities	34,901.53	26,178.93	23,908.62
Funds For future Appropriations	1,214.72	3,918.67	1,834.43
Total Sources Of Funds	52,52,252.14	45,18,866.86	41,82,535.22
Application Of Funds			
Investments - Shareholders	62,608.36	28,176.73	5,227.90
Investments - Policies Holders	48,95,238.95	42,05,473.65	39,11,422.75
Assets Held to cover Linked Liabilities	35,280.98	26,325.89	23,958.72
Loans	1,21,744.75	1,17,005.47	1,11,033.88
Cash & Bank balances	41,824.47	45,498.60	44,724.34
Advances & Other Assets	20,179.80	23,712.38	35,214.26
Other Assets	1,35,095.04	1,28,461.92	1,18,905.25
Current Liabilities	48,848.84	44,678.28	56,574.49
Short Term Provisions	14,946.14	14,946.22	14,948.07
Fixed Assets	8,142.27	7,696.31	7,285.74
Less: Accumulated Depreciation	4,470.02	4,191.03	3,913.81
Total Net block	3,672.25	3,505.27	3,371.93
Contingent Liabilities	17,340.86	15,448.31	21,696.30
Total Application Of Funds	52,52,252.14	45,18,866.86	41,82,535.22

*Source: Company, Ace Equity, AUM Research

Shareholding Pattern

Categories	%
Promoters	96.50
Institutions	1.38
Non-Institutions	2.12
Total	100.00
As On 31st March, 2025	

Aum Capital RESEARCH DESK

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