

**Life Insurance
Corporation of India
Techno Funda
Stock Outlook**



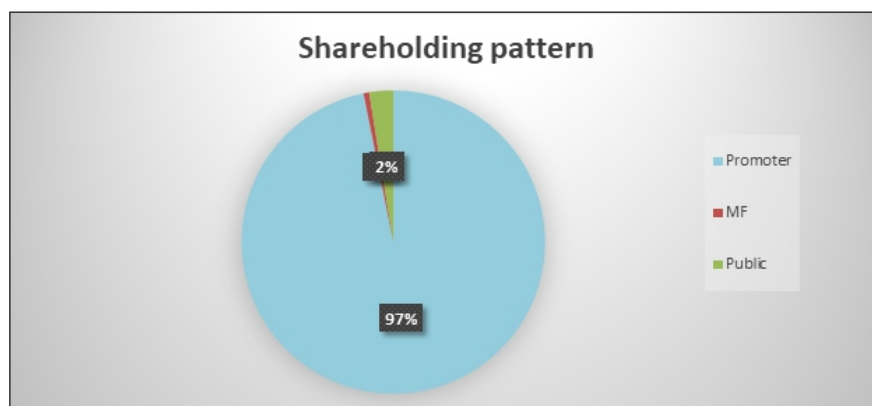
Indbank
Merchant Banking Services Ltd
(A Subsidiary of Indian Bank)

STOCK DETAILS	
NSE Scrip code	LICI
BSE Scrip code	543526
Market cap (in Cr)	6,57,705
52-week High/Low (in Rs)	1175/ 530
Current Price (in Rs)	1030
Price Target (in Rs)	1250

COMPANY OVERVIEW

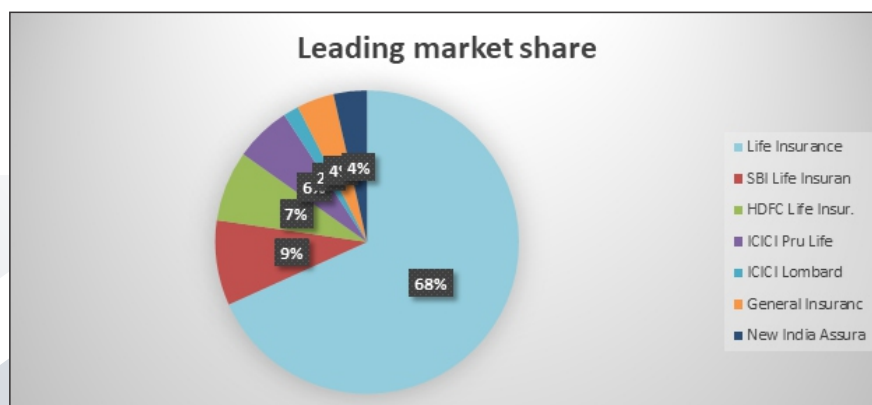
Life Insurance Corporation (LIC) is the largest insurance provider in India. It has a market share of above 66.2% in new business premium. The company offers participating and non-participating insurance products like unit-linked insurance products, saving insurance products, term insurance products, health insurance, and annuity & pension products.

SHAREHOLDING PATTERN



MARKET SHARE

LIC leads the market share in India's insurance market



ESG INITIATIVES

LIC's Golden Jubilee Foundation (GJF) supports projects for the economically weaker sections of the society in tandem with its objectives of relief from poverty or distress, advancement of education, medical relief across the country. The Corporation has initiated special drives like 'Bima Gram' to spread insurance awareness in rural India and 'Bima School' to drive insurance awareness among school children.

FINANCIALS

Statement of profit and loss FY23

	Mar-22	Mar-23	Y-O-Y
Sales	720,514.89	781,542.56	8.5%
Expenses	708,925.08	747,038.84	5.4%
Operating Profit	11,589.81	34,503.72	197.7%
Other Income	788.90	7,660.84	871.1%
Depreciation	433.36	464.93	7.3%
Profit before tax	11,945.35	41,699.63	249.1%
Tax	7,902.23	5,302.24	-32.9%
Net profit	4,043.12	36,397.39	800.2%
EPS	6.39	57.55	800.2%
OPM	2%	4%	

FINANCIAL & OPERATIONAL HIGHLIGHTS

	FY22	FY23	Growth
First Year Premium	36,615.35	39,054.94	6.7%
Single Premium	1,62,282.83	1,92,960.65	18.9%
Renewal Premium	2,28,521.03	2,41,989.02	5.9%
Total Premium	4,27,419.21	4,74,004.61	10.90%
Investment & Other income	2,93,683.36	3,14,048.03	6.93%
Total Income	7,21,102.57	7,88,052.64	9.28%
Profit after Tax (PAT)	4,043.12	36,397.39	800.23%

- LIC's annual premium equivalent grew by 12.49%.
- Assets under management (AUM) recorded a growth of 7.65%
- Net NPA has decreased by an impressive 96.63% from last year
- During the year, LIC retained its market leadership with the market share at 62.58 per cent in terms of first year premium income and 71.76 per cent in terms of number of policies for FY 2022-23.
- LIC's overall expense ratio dropped to 15.14% from 16.69%, while its solvency ratio improved to 1.9 as compared to 1.88 in the same period last year. This is above the management's target of 1.6.

OUTLOOK

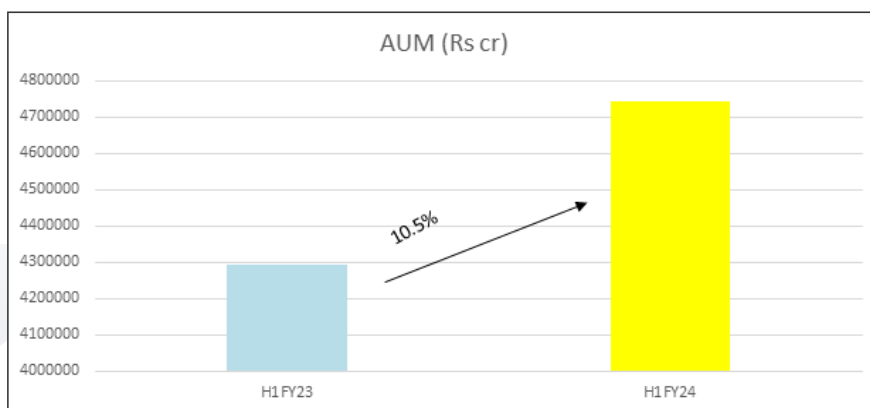
The insurance industry has been witnessing substantial growth in the post pandemic period due to increased awareness regarding the uncertainty of life and health. The Indian insurance sector is expected to be the fastest growing among the G20 nations with total insurance premiums forecasted to grow by 7.1% in real terms over 2024-2028.

LIC's management plans to improve value of new business margins by increasing the share of non-par products. It firmly believes that they are well on track in this regard through product mix, channel mix and digital intervention.

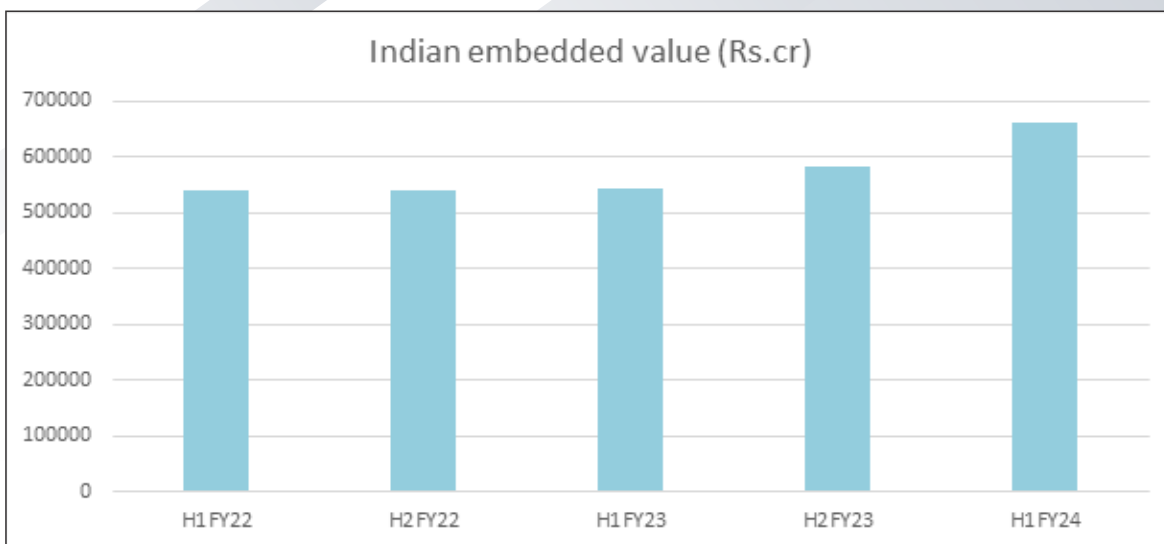
The company launched 7 new individual products - LIC's Bima Ratna, LIC's Dhan Sanchay, LIC's New Pension Plus, LIC's Dhan Varsha, LIC's New Tech -Term, LIC's New Jeevan Amar, LIC's Jeevan Azad and 1 Group Rider viz. LIC's Group Accident Benefit Rider.

With the intent of increasing the proportion of non-par business, the company launched three new non-par products, namely LIC's Dhan Vriddhi, LIC's Jeevan Kiran and LIC's Group Post-Retirement Medical Benefit Plan.

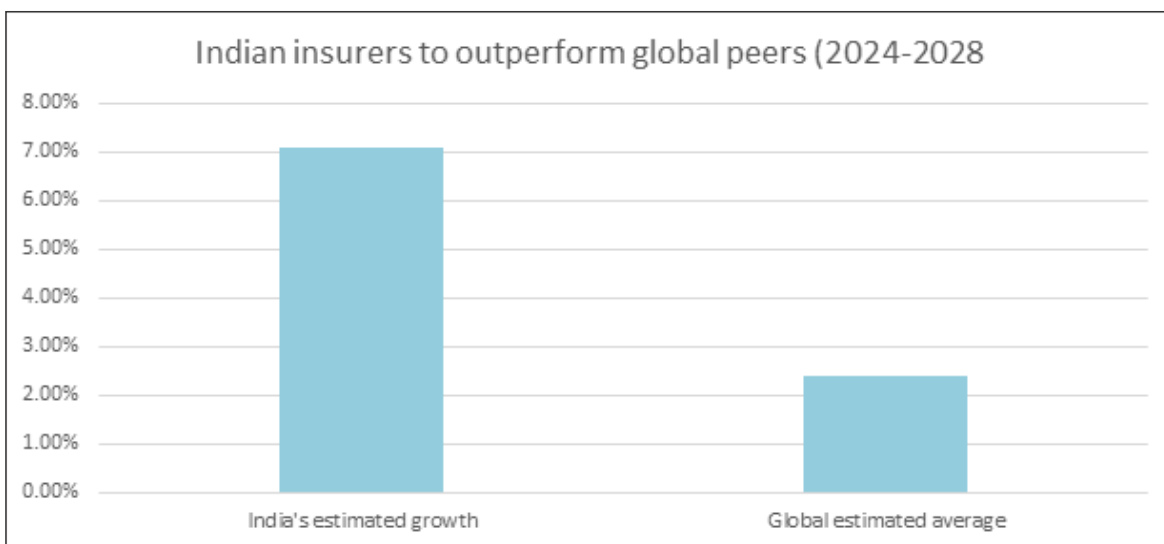
Participating product accounts for majority of annualized premium equivalent. The company is consciously striving to increase the share of non-par products in the sum of annual premium equivalent with an aim to improve its VNB margins.



AUM has registered a 10.5% growth over same period last year



LIC has witnessed consistent growth in its insured estimated value over the last two years due to increasing share of non-par business. It recorded a stellar increase of 21.7% over the same period last year.



INVESTMENT RATIONALE

- Life Insurance Corporation (LIC) is the largest insurance provider company in India.
- The stock is trading at a PE of 15, which is much lower than industry's PE of 42. EPS at 58 is much higher than the industry average of 15, which makes the stock an attractive buy at current valuation.
- LIC's AUM is highest in the insurance sector in India
- LIC showed best performance in claim settlement in FY23. It settled over 214.80 lakh Maturity Claims amounting to Rs 1,85,927 crore and over 10.71 lakh death claims for an amount of Rs 24,006 crore.

- Tax refunds of over 25000cr expected in this financial year.
- With launch of various new products, LIC can regain market in future.
- Stock is staying above its IPO price and showing strength.

CHALLENGES

- The outbreak of war between Israel and Hamas in October 2023 has added risks to the global economy.
- Value of new business margin has remained the same at 14.6% in last two years.
- Increased competition from private players.

TECHNICAL OUTLOOK



Stock is breaking out with volume post consolidation. It is expected that this bullish breakout in the stock can stock higher to levels of 1250-1300. Investors can consider investing at current levels keeping stoploss below 920 levels and look for target above 1250 in short to medium term.

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