

## LIC (LICI) - BUY

### Result Update

Current Market Price (CMP)

**Rs. 958**

Target Price

**Rs. 1,260**

### Rationale:

- The shift in the par business and pressure on non-par margins will lead to sluggish medium-term VNB growth for LIC.
- On the other hand, a recent sharp bounce-back in equity markets will boost investment variance.
- We revise estimates and raise FV to Rs1,260 from Rs1,175. Maintain BUY.

### Q4FY25 Earnings Update:

#### **Positives:**

- Value of new business (VNB) margins expanded to 17.6% in FY25 from 16.8% in FY24.
- Increasing share of non-par is providing a boost.
- Product mix is more diversified now, with par accounting for <50% of APE in FY25.
- Premium growth in bancassurance and alternate channels was strong at 58% in FY25.
- LIC reported 38% yoy growth in PAT to Rs19,000 cr in Q4FY25.

#### **Negatives:**

- LIC's APE declined 11% yoy in Q4FY25, following a 24% yoy decline in Q3FY25.
- Reported sharp declines in the 13th and 49th month persistency in FY25.

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For detailed report dated 27th May 2025. Note: CMP & valuation may differ due to difference in dates



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