

# **SBI LIFE INSURANCE COMPANY LIMITED**

## **DIVIDEND DISTRIBUTION POLICY**

## **1. Objective:**

The objective of this policy is to lay down the criteria to be considered by the Board of Directors for recommending dividend to its shareholders for a financial year and manner of utilization of retained earnings. The policy is framed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2016.

## **2. Criteria for Dividend Declaration**

### **a. Statutory and Regulatory Compliance:**

The Company shall declare dividend only after ensuring compliance with the Companies Act 2013, Insurance Laws (Amendment) Act, 2015 and the regulations made thereunder to the extent applicable, the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended and to the extent applicable to Insurance Companies and Article of Association (AOA) of the Company.

### **b. Financial Criteria:**

- i. Profitability and key financial metrics;
- ii. Any interim dividend paid, if any;
- iii. Available solvency margin
- iv. Dividend payout trends
- v. Capital expenditure requirements;
- vi. Tax implications if any, on distribution of dividends
- vii. Such other factors and/or material events which the Board may consider

### **c. External Factors:**

- i. Shareholder expectations
- ii. Macro-economic environment
- iii. Capital market condition
- iv. Dividend pay-out ratios of companies in the same industry

The decision regarding dividend shall be taken only by the Board at its Meeting and not by the Committee of the Board or by way of resolution passed by circulation. The final dividend shall be paid only after approval at an Annual General Meeting (AGM). Shareholders' approval is not required for payment of interim dividend declared by the Board.

### **3. Utilization of Retained Earnings**

The Company may declare dividend out of the profits of the Company for the year or out of the profits for any previous year or years or out of the free reserves available for distribution of Dividend, after having due regard to the parameters laid down in this Policy. The Board may also decide to employ the retained earnings in ensuring optimum level of solvency margin, meeting the Company's future growth plans, other strategic purposes and/or distribution to shareholders, subject to applicable regulations.

### **4. Parameters for various classes of shares**

The Authorised Share Capital of the Company is divided into equity share of Rs.10 each. At present, the issued and paid-up share capital of the Company comprises of only equity shares. In the absence of any other class of equity shares and/or equity shares with differential voting rights, the entire distributable profit for the purpose of dividend declaration will be considered for equity shareholders.

There is no explicit regulatory upper limit on dividend distribution ratio for insurance companies provided conditions of "required solvency margin" and surplus in the shareholders fund are met.

### **5. Circumstances under which the shareholders may or may not expect Dividend**

The Board of the Company may not recommend any dividend if the eligibility criteria for recommendation of dividend has not been met by the Company, including any regulatory restriction placed on the Company on declaration of dividend or if the Board strongly believes the need to conserve capital for growth or other exigencies which will be spelt.

Further, the shareholders of the Company may not expect Dividend in the event of inadequacy of profits or whenever the Company has incurred losses Capital and based on the capital and solvency position of the Company. The Board may recommend higher dividends, subject to applicable regulations, if the capital and solvency supports a higher distribution to the shareholders.

### **6. Review**

The Board shall review this policy on annual basis or as and when required by the law.

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