

# **PNB MetLife India Insurance Company Limited**

## **Dividend Distribution Policy**

## Document Control:

<b>Version No.</b>	9.0
<b>Policy Owner</b>	Finance
<b>Prepared By</b>	Senior Director and Financial Controller
<b>Reviewed By</b>	Chief Financial Officer
<b>Approved By</b>	Board of Directors

## Revision History:

Version	Date	Review/ Comments
1.0		Initial Review
2.0	May 2019	Review of content to align with Enterprise Risk Management objectives
3.0	May 2020	Reference to Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2016 has been removed
4.0	May 2021	Annual review, policy review changed from one year to three years
5.0	May 2022	Annual review
6.0	May 2023	Financial Criteria as 'Compliance with covenants contained in any agreement entered into by the Company with debenture trustees' has been added
7.0	Jan 2024	Annual review
8.0	Jan 2025	Annual review
9.0	Jan 2026	Annual Review

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## **Background**

The objective of this policy is to set out the principles and criteria to be considered by the Board of Directors (Board) for recommending dividend distribution to its Shareholders for a financial year and manner of utilization of retained earnings.

The policy has been framed in accordance with the Companies Act, 2013 and amendments thereto.

The Board will have the flexibility to determine the amount of dividend based on the considerations laid out in the policy and other relevant developments.

## **Criteria and Approval**

### **Statutory and Regulatory Compliances**

The Company shall declare dividend in compliance with the requirements under the Companies Act, 2013, the Insurance Act, 1938 read with Insurance Laws (Amendment) Act, 2015 and the regulations made thereunder, the Income Tax Act or any other statute, as amended from time to time, and to the extent applicable; and in line with the Articles of Association (AOA) of the Company.

### **Financial Criteria**

- Profit earned during the financial year and key financial metrics
- Retained earnings
- Available solvency margin
- Expected future capital/liquidity requirements
- Interim dividend paid, if any
- Compliance with covenants contained in any agreement entered into by the Company with debenture trustees
- Tax implications if any, on distribution of dividends

### **External Factors**

- Shareholders' expectation
- Capital market condition
- Macro-economic environment
- Market benchmarking

Such other factors and/or material events which the Board / Audit Committee may consider.

The decision regarding dividend distribution shall be taken by the Board at its meeting. Final dividend shall be paid only after Shareholder's approval at an Annual General Meeting (AGM) of the Company basis recommendation of the Board. Shareholder approval would not be required for payment of interim dividend approved by the Board.

In case the Company has inadequate or absence of profit in any year, Company may declare dividend in accordance with Rule 3 of the Companies (Declaration and Payment of Dividend) Rules, 2014.

### **Utilisation of Retained Earnings**

The retained earnings of the Company shall be utilized for business purposes specified in the objects clause mentioned in the Memorandum of Association (MOA), Company's future business growth plans, distribution to Shareholders or such other matters as may be allowed by the applicable laws and as may be considered to be in the best interest of the Company and its Stakeholders.

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

At present, the issued and paid-up capital of the Company comprises of equity shares only. In the absence of any other class of 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. In case, the Company issues other kind of shares, the Board may suitably amend the Policy.

### **Circumstances under which Shareholders may or may not expect dividend**

The Board of the Company may recommend a lower amount of dividend or not recommend any dividend (due to regulatory eligibility criteria or restriction placed on the Company for recommending dividend) or if the Board strongly believes the need to conserve capital for growth or other exigencies. The Board may also recommend higher dividends, subject to applicable regulations, if the capital and solvency supports a higher dividend distribution to the Shareholders.

## Review

This Policy is subject to review by the Board of Directors on an annual basis, or earlier, if required

## Disclosure

The Policy shall be disclosed on the Company's website.