



LIFE INSURANCE CORPORATION OF INDIA, CENTRAL OFFICE,
'YOGAKSHEMA', JEEVAN BIMA MARG, MUMBAI- 400021

DIVIDEND DISTRIBUTION POLICY

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Dividend Distribution Policy

Dividend Distribution Policy

This policy is framed under Section 28B and other applicable provisions of the LIC Act, 1956 and in terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

Effective Date

The Policy shall become effective from the date of its adoption by the Board i.e. 26th July, 2021.

Need and Objective of the Policy

The Securities and Exchange Board of India ("SEBI"), vide its Notification dated 8th July 2016, amended the Listing Regulations by inserting Regulation 43A regarding formulation of Dividend Distribution Policy by listed entities.

Considering the above and recognizing the need to lay down a broad framework for deciding the matters pertaining to distribution of Dividend and / or retaining / appropriating the profits of the Corporation, the Board of the Corporation has laid down and adopted this policy.

CONSIDERATIONS RELEVANT FOR DECISION ON DIVIDEND DECLARATION

Section 28B of the LIC Act, 1956 provides that no dividend shall be declared or paid by the Corporation for any financial year except out of the surpluses and profits referred to in sub-section (2) of Section 28 (after excluding any amount representing unrealized gains, notional gains or revaluation of assets and any change in carrying amount of an asset or of a liability on measurement of the asset or the liability at fair value) for such year arrived at after providing for depreciation, or for any previous financial year or years arrived at after providing for depreciation and remaining undistributed or out of both the aforesaid surpluses and profits.

Further, no dividend shall be declared or paid by the Corporation from its reserves other than free reserves and no dividend shall be declared or paid by the Corporation unless any losses carried over from previous years and any depreciation not provided

for in previous years are set off against the surpluses and profits referred to in sub section (2) of Section 28 for the financial year for which the dividend is proposed to be declared or paid.

The Board of Directors may declare the interim dividend out of the surpluses and profits determined under sub-section (2) of Section 28 of the financial year for which such interim dividend is sought to be declared, or out of the surpluses and profits of the current financial year till the close of the quarter preceding the date of declaration of such interim dividend.

However, if the Corporation has incurred loss during the current financial year up to the close of the quarter immediately preceding the date of declaration of interim dividend, such interim dividend shall not be declared at a rate higher than the average of the dividends declared by the Corporation during the immediately preceding three financial years.

UTILIZATION OF RETAINED EARNINGS:

Section 28 B (4) of the LIC Act, 1956 (as amended) allows the Corporation to capitalize the surpluses and profits referred to in sub section (2) of section 28 for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any share held by members.

MANNER OF DIVIDEND PAYOUT

Upon the recommendation of final dividend by the Board of Directors, shareholders shall approve the proposal in General Meeting and declare the final dividend.

Within 5 days from the date of declaration of dividend, including interim dividend, the same shall be deposited in a separate account in a Scheduled Bank.

Dividend shall be paid to the Member whose name is entered on the Register of Members / Register of Beneficial owners or to his order or to his Banker and shall be payable in cash and not in stock or other form of value. Dividend may be paid by Cheque or warrant or by any other electronic mode permissible by Regulators.

Unpaid / unclaimed dividends shall be dealt with as provided under Section 28C of the LIC Act, 1956.

Dividend Distribution Policy

UNPAID DIVIDEND ACCOUNT

Where a dividend has been declared by the Corporation but has not been paid or claimed within thirty days from the date of declaration to any member entitled to payment thereof, the Corporation shall, within seven days from the expiry of the said period of thirty days, transfer the total amount of dividend which remains unpaid or unclaimed to a special account to be opened by the Corporation in that behalf in any scheduled bank, to be called the Unpaid Dividend Account.

The Corporation shall, within a period of ninety days of making any transfer of an amount under sub-section (1) to the Unpaid Dividend Account, prepare a statement containing the name and last known address of, and the amount of the unpaid dividend payable to, each member entitled to such unpaid dividend, and shall place such statement on its website and on any other website as the Central Government may specify.

If any default is made in transferring the total amount referred to in sub-section (1) or any part thereof to the Unpaid Dividend Account, the Corporation shall pay, from the date of such default, interest on so much of the amount as has not been transferred to the said account, at such rate as specified in section 124 of the Companies Act, and the interest accruing on such amount shall ensure to the benefit of the members in proportion to the amount remaining unpaid to them.

Any person claiming to be entitled to any money transferred under sub-section (1) to the Unpaid Dividend Account, may apply to the Corporation for payment of the money claimed.

The amount remaining unclaimed and unpaid for a period of seven years from the date it became due for payment in the Unpaid Dividend Account shall be transferred to the Investor Education and Protection Fund established under sub-section (1) of Section 125 of the Companies Act and shall be deemed to be an amount credited to the said Fund under sub-section (2) of the said section.

AMENDMENT / REVIEW

The Board of Directors may review the policy once in three years or as per need to give effect to any statutory amendments or otherwise. The Policy as amended from time to time shall be placed on the website of the Corporation and the web-link shall also be provided in the annual reports. In case of any contradiction between the provision(s) of this policy and statutory / regulatory provisions, the Statutory / Regulatory provisions shall prevail.