

STAR HEALTH AND ALLIED INSURANCE CO. LTD
No. 1 Valluvar Kottam High Road, Nungambakkam, Chennai -34

DIVIDEND DISTRIBUTION POLICY

Version Control

Version No.	Approved By	Approval Date	Effective From	Last Modified on
1.0	Board	23-5-2021	FY 22 onwards	First time approval

Preamble:

The Policy is framed pursuant to the requirements under Reg 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 for distribution of dividends. Even though the requirement is for 500 top listed companies, as a measure towards good Corporate governance the policy has been initiated.

Objective

The policy provides for parameters and various criteria to be considered while declaring dividend considering the company's growth in business, Regulatory Solvency Requirements and building an internal reserve for future endeavours in serving the insuring public.

The Company believes that it has been serving the insuring public in an effective manner evidenced in the growth registered by it during the recent past even during the pandemic period and hence, it would protect the interests of the policyholders primary, at the same time, would strive to reward the investors and shareholders appropriately by way of distribution of dividend.

Criteria and Parameters that will be considered

The Company follows the 1/365 days principle for providing for Unexpired Risk Reserves which will be sufficient to meet the claim obligations and other expenses and adequately providing for outstanding claims along with provision for Incurred But not Reported (IBNR) claims would take a cautious approach towards distribution of dividend.

The following aspects will be considered while declaring dividend on the equity shares of the company. As of today the company has only equity shares with full voting rights with face value of Rs.10 each.

1. Premium growth commensurate with its market share in the insurance industry
2. Profit outlook based on estimates on claims and expenses
3. Medical inflation and various advancements in the medical field
4. Estimated Investment income
5. The regulatory solvency margin level required to be maintained at all times
6. The various developments in the insurance sector
7. Tax considerations

The Company is in underwriting health insurance and would prefer to conserve capital and funds to take care of any uncertainty due to unforeseen future events, hence, considering the above factors dividend to be distributed would be decided by the Board.

Circumstances when Shareholders may not expect dividend distribution

The Company will endeavour to declare dividend. However, in the following circumstances the shareholders may not expect distribution of dividend

- a. Inadequacy of profit due to loss or excessive claims incurred by the Company
- b. Significant cash flow requirements towards higher working capital requirements / tax demands / or others , adversely impacting free cash flows;
- c. An impending / ongoing Capital expenditure program or any acquisitions or investment in joint ventures requiring significant allocation of capital;
- d. Allocation of cash required for buy-back of securities and
- e. Any of the above referred internal or external factors restraining the Company from considering dividend.
- f. Regulatory constraints whereby the company is prohibited to distribute any dividend.

Retained earnings

Retained earnings would be deployed in research and development in health insurance products, wellness programs and creating awareness among the

public, apart from utilising the same towards its general working capital purposes.

Approving authority

The Board may consider recommending dividend as a percentage on the face value of the shares and place before the Shareholders for approval.

The Board may consider on the above parameters declaring any interim dividend.

Compliance

The Chief Finance Officer and the Company Secretary would be jointly responsible for all compliance matters relating to declaration and payment of dividend.

Review

The Board reserves the right to modify or amend the policy from time to time on the basis of the developments in the extant law and regulations and tax related matters. Accordingly, the policy will be reviewed on need basis and implemented with the approval of the Board.

Effective Date:

The policy comes to effect from the date of approval by the Board.

The Policy will be displayed on the website of the Company.

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