

# IndiaFirst Life Insurance Company Limited

## Dividend Distribution Policy

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## Document Control and Classification

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| <b>Department:</b>                          | Finance & Account                  |                    |
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| <b>Prepared by</b>                          | <b>Reviewed by</b>                 | <b>Approved by</b> |
| Head Finance Controller & Company Secretary | Chief Finance Officer              | Board of Director  |
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## 1. Introduction

### 1.1 Background

Indiafirst Life Insurance Company Limited (the “**Company**”), has framed the dividend distribution policy (the “**Policy**”) in accordance with Companies Act, 2013, as amended (the “**Act**”), Insurance Act, 1938, as amended (the “**Insurance Act**”) and in compliance with Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the “**SEBI Listing Regulations**”).

### 1.2 Objective

The objective of this Policy is to lay down the criteria to be considered by the board of directors of the Company (the “**Board of Directors**”) before declaring or recommending dividend to its shareholders for a financial year and manner of utilization of retained earnings of the Company.

### 1.3 Scope

This Policy covers the following:

a. Dividend to Equity Shareholders of the Company:

The Dividend will be distributed equally among all the equity shareholders based on their shareholding on the record date. Parameters for dividend payments in respect of any other class of shares will be as per the respective terms of issue and in accordance with the applicable regulations and will be determined, if and when the Company decides to issue other classes of shares.

b. Interim Dividend:

Interim Dividend(s), if any, shall be declared by the Board of Directors.

In case no final dividend is declared for any particular financial year, interim dividend paid during that year, if any shall be regarded as final dividend for the year in the Annual General Meeting (“AGM”).

c. Final Dividend:

Recommendation, if any, shall be made by the Board of Directors, usually in the board meeting that considers and approves the annual financial statements, subject to approval of the shareholders of the Company.

The dividend as recommended by the Board of Directors shall be approved/declared in the AGM of the Company.

### 1.4 Review and Approval of the Policy

The Policy will be reviewed and approved by the Board of Directors at least once in a year or as and when any subsequent amendment / modification in the SEBI Listing Regulations, Act and/or applicable laws in this regard.

## **2. Policy Requirements**

### **2.1 Criteria for Dividend Declaration**

#### ***2.1.1 Statutory and Regulatory Compliance:***

The Company shall declare dividend only after ensuring compliance with the Act and the rules thereunder, Insurance Act, other guidelines/ regulations issued by Insurance Regulatory and Development Authority of India (“**IRDAI**”) and SEBI Listing Regulations to the extent applicable to Insurance Companies and Article of Association of the Company.

#### ***2.1.2 Financial Criteria:***

- i. Profitability and key financial metrics;
- ii. Any interim dividend paid, if any;
- iii. Target solvency requirements;
- iv. Dividend payout trends;
- v. Compliance with covenants contained in any agreement entered into by the Company with its lenders/debenture trustees;
- vi. Expected future capital/liquidity requirements;
- vii. Tax implications, if any, on distribution of dividends; and
- viii. Such other factors and/or material events which the Board of Directors may consider.

#### ***2.1.3 Internal and External Factors:***

##### **Internal Factors:**

- i. Surplus funds available with the Company;
- ii. Capital expenditure requirements considering the expansion and acquisition opportunities;
- iii. Shareholder expectations;

##### **External Factors:**

- iv. External factors including state of the domestic and global economy;
- v. Capital market condition; and
- vi. Dividend pay-out ratios of companies in the same industry.

There is no explicit regulatory upper limit on dividend distribution ratio for insurance companies provided the conditions specified in the Insurance Act and IRDAI regulations are met.

The decision regarding dividend shall be taken only by the Board of Directors at the board meeting and not by any committee of the Board or by way of resolution passed by circulation. The final dividend shall be paid only after approval at an AGM of the Company. Shareholder approval is not required for payment of interim dividend.

### **2.2 Utilization of Retained Earnings**

The retained earnings of the Company shall be utilized for business purposes/objects mentioned in the memorandum of association of the Company, meeting the future growth plans, distribution to shareholders or such other things as the Board of Directors may consider in best interest of the Company and its shareholders.

The Company may declare dividend after having due regard to the parameters laid down in this Policy. The Board of Directors 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.

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

The Board of Directors 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 of Directors strongly believes the need to conserve capital or funds required for contingencies or unforeseen future events. the Board of Directors may vary the level of dividend based on the capital and solvency position of the Company.

Further, the shareholders of the Company may not expect Dividend in the event of inadequacy of profits or in the event the Company has incurred losses and based on the capital and solvency position of the Company.

## **3. Reporting**

This Policy shall be hosted on the website of the Company and shall be disclosed in the Annual report.

## **4. Limitation and Amendments**

In the event of any conflict between the provisions of this Policy and the Act or SEBI Listing Regulations or any other statutory enactments, rules, the provisions of such Act or SEBI Listing Regulations or statutory enactments, or rules shall prevail over this Policy.

## **5. Record keeping**

All documents/ records shall be preserved as per the preservation of document policy of the Company.