

HDFC LIFE INSURANCE COMPANY LIMITED

Dividend Distribution Policy

Version 1.3 – April 26th, 2022

Owner Department: Finance & Actuarial

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1. Background

The objective of this policy it to set out the principles and criteria to be considered by the Board of Directors before recommending dividend to the equity shareholders of HDFC Life Insurance Company Limited ('HDFC Life' or 'the Company').

This Policy has been framed in accordance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), Companies Act, 2013 and amendments thereto. The Board will have the flexibility to determine the level of dividend based on the considerations laid out in the policy, regulatory landscape and other relevant developments.

The Company has had a consistent dividend policy and has endeavoured to judiciously balance rewarding shareholders through dividends, whilst supporting future growth and long-term interests to the Company and its stakeholders.

2. Criteria and Approval

1. Statutory and Regulatory requirements
   The Company shall declare dividend only after ensuring compliance with the provisions of Companies Act, 2013 and the Insurance Laws (Amendment) Act, 2015 and other guidelines/ regulations issued by IRDAI to the extent applicable, SEBI Listing Regulations and amendments there to, and guidelines provided in the Articles of Association (AOA) of the Company.

2. Financial Criteria:
   a) Profit earned during the financial year
   b) Accumulated reserves
   c) Profitability outlook for the next two/three years
   d) Investment required for the Company in its subsidiaries and associate companies
   e) Expected future capital/liquidity requirements
   f) Target solvency requirements
   g) Interim dividend paid, if any
   h) Compliance with covenants contained in any agreement entered into by the Company with its lenders/debenture trustees
   i) Other factors and/or material events which the Board may consider

3. Other relevant factors, but not limited to:
   a) Macro-economicenvironment

b) Capital market conditions
c) Dividend policy of competitors
d) Tax implications
e) Shareholder expectations

4. The decision regarding dividend shall be taken only by the Board at its Meeting and not by a Committee of the Board or by way of a Resolution passed by circulation. Final dividend shall be paid only after approval at an Annual General Meeting (AGM) of the Company.

5. As a general policy, in each financial year, the Company shall endeavour to pay a dividend in the range of 20% to 35% of the Company's annual net profit after tax. This, however, may not consider circumstances such as one-off exceptional income or unforeseen financial disruptions which could impact the profitability of the Company and would need conservation of capital. Any deviation shall be provided by way of a commentary or explanation in the Directors' Report section of the Annual Report of the relevant year.

3. Circumstance under which shareholders may or may not expect dividend

The Board of the Company may vary the level of dividend or not recommend any dividend based on regulatory eligibility criteria or restriction placed on the Company for recommending dividend by any of the regulatory authorities. The Board may recommend lower dividend or not recommend any dividend based on capital and solvency position, need to conserve capital or funds required for contingencies or unforeseen future events. The Board may recommend higher dividends, subject to applicable regulations, if the capital and solvency margins support a higher distribution to shareholders.

4. Utilization of Retained Earnings

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

5. Dividend and Classes of Shares

Presently, the issued and paid-up share capital of the Company comprises of equity shares only. In case, the Company issues other kind of shares, the Board may suitably amend this Policy.

6. Review

This Policy is subject to review by the Board of Directors at least once a year.

7. Limitation and Amendments

In the event of any conflict between the provisions of this Policy and of the Companies Act, 2013 ('**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. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

8. Disclosure

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