



PhonePe Limited (the “Company” or “PhonePe”)

Dividend Distribution Policy (the “Policy”)

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Objective

This Policy applies to the distribution of Dividend by PhonePe in accordance with the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

Applicability

This Policy has been issued with the approval of the Board of Directors of PhonePe and shall come into force with effect from the date of listing of the Company's equity shares on recognized stock exchange(s) in India. This Policy shall also be posted on the website of the Company, i.e., www.phonepe.com.

Definitions

Unless the context requires otherwise, the words, terms, expressions, and derivations used in this Policy shall have the same meaning given in the Companies Act, 2013 and/ or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

"Board" or **"Board of Directors"** means Board of Directors of the Company.

"Company" means PhonePe Limited ("**PhonePe**").

"Directors" means directors of the Company.

"Dividend" refers to the portion of the Company's earnings distributed to its Shareholders and includes any interim Dividend.

"Policy" means the Dividend Distribution Policy.

"Shareholders" refers to the registered holders of equity shares of PhonePe.

"SEBI LODR Regulations" means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (including any statutory modifications, enactments or re-enactments thereof for the time being in force) together with the circulars/ guidance issued by the stock exchange(s) and SEBI.

Parameters for declaring Dividend

In considering whether or not to recommend or declare a Dividend to the Shareholders, the Board shall consider the following parameters as well as any such other factors as the Board deems fit:

(a) Financial parameters and internal factors, including, but not limited to:

- ▶ Expected cash requirements of the Company including working capital/capital expenditure;
- ▶ Capital planning framework and capital allocation plans;
- ▶ Liquidity and return ratio;
- ▶ Quarterly and annual results;
- ▶ Minimum cash required for contingencies or unforeseen events;
- ▶ Cost of raising funds from alternate sources of capital;
- ▶ Buy-back of shares;
- ▶ Issuance of bonus shares;

- ▶ Company's future growth plans, both organic and inorganic, including mergers, acquisitions, and investments in subsidiaries/associates and any other significant developments that require cash investments; and
- ▶ Any other factor as may be deemed fit by the Board.

(b) External Factors, including but not limited to:

- ▶ Any significant changes in macro-economic environment affecting India or the geographies in which the Company operates, or the business of the Company;
- ▶ Uncertain or recessionary economic environment which significantly affect the business conditions;
- ▶ New tax and/or regulatory requirements and/or material changes in existing taxation or regulatory requirements, which significantly affect the business conditions;
- ▶ Technological changes which require significant investments in Company's business;
- ▶ Dynamic capital market environment and industry trends; and
- ▶ Any changes in the competitive environment requiring significant investment.

Circumstances under which the Shareholders may or may not expect Dividend

The Board's decision whether or not to recommend or declare Dividend(s) to Shareholders is an important decision and should take into account many factors. The circumstances described below are intended to provide general guidance to Shareholders but should not be interpreted as a restriction on the right of the Board to exercise its discretion in determining whether or not to declare or recommend Dividend(s) to Shareholders.

The Shareholders may expect Dividend only if the Company is having adequate combination of profits, reserves and liquidity after complying with applicable statutory requirements under applicable laws.

The Shareholders may not expect Dividend/ or Dividend cannot be declared by the Company under the following circumstances, including, but not limited to:

- ▶ Inadequacy of profits or incurred losses;
- ▶ Investment/Business Expansion prospects;
- ▶ High working capital requirement;
- ▶ Utilization of surplus cash - If the Company intends to utilize surplus cash for alternative forms of distribution such as buy-back of securities or setting off of previous year losses;
- ▶ Uncertainty of the earnings/ financial results of the Company; and
- ▶ Any other corporate action resulting in cash outflow.

Utilization of retained earnings

Retained earnings shall be utilized for such purposes as the Board may determine from time to time, including, without limitation, for making investments for the Company's future growth and expansion plans, distribution to Shareholders, or for any other specific purpose, as approved by the Board and in accordance with the Memorandum and Articles of Association of the Company.

Parameters for various classes of Shares

The Company has issued only one class of shares viz. equity shares.

Parameters for Dividend payments in respect of any other class of shares will be as per the respective terms of issue of such class of shares and in accordance with the applicable regulations and will be determined, if and when the Company decides to issue other classes of shares.

Disclosures

If the Board proposes to declare Dividend on the basis of parameters in addition to the parameters as mentioned above or proposes to change such additional parameters or this Policy, it shall disclose such changes along with the rationale for the same in its annual report and on its website.

Subsequent amendments

The Policy has been framed to comply with the applicable provisions of the SEBI LODR Regulations, as on date of approval of the Policy. Any subsequent amendment/modification in the applicable provisions of the SEBI LODR Regulations or any other relevant statute in this regard shall be deemed to be incorporated in this Policy until such changes can be codified into this Policy.

Review of the Policy

The Board reserves its right to amend or modify/revise/amend this Policy in whole or in part, at any time deemed necessary without assigning any reason whatsoever. The Board may review the Policy from time to time and make suitable modification(s) due to change in applicable laws or otherwise, as may be required, to make it responsive and relevant to the changing times.

In the event of any conflict between the provisions of this Policy and of the applicable law/ regulation, such applicable law/ regulation, as amended from time to time, shall prevail over this Policy.

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**to the limited extent of updation of name on account of conversion to a public limited company*
