



DIVIDEND DISTRIBUTION POLICY

Version Control					
Version	Date	Author	Reviewer	Approver	Notes
0.1	January 29, 2019	Alaka Chanda- Company Secretary and Compliance Officer	Ravi Vishwanath – Chief Financial Officer	Board of Directors	First version of the document
0.2	May 22, 2024	Secretarial Department	Alaka Chanda- Company Secretary and Compliance Officer	Board of Directors	Annual Policy Review

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Amendments

Chief Financial Officer and Company Secretary are severally authorized to amend any provisions of this Policy to give effect to any change/ amendment notified by Ministry of Corporate Affairs, Securities and Exchange Board of India or any other regulatory authority, from time to time. Such change(s)/ amended policy shall be placed before the Board of Directors for their approval. The Board will review the Dividend Distribution Policy of the Company at regular intervals.

In case any provision of this Policy is contrary to or inconsistent with the provisions of the Companies Act, 2013, SEBI Listing Regulations and/ or any other applicable law for time being in force, the latter shall prevail.

Words and expressions used in this Policy, shall have the same meaning as ascribed to them in SEBI Listing Regulations, SEBI Act, Companies Act, 2013, rules & regulations made thereunder and/ or any other law applicable to the Company for time being in force.



The Policy

The Dividend Distribution Policy (the Policy) establishes the principles to ascertain amounts that can be distributed to equity shareholders as dividend by the Company as well as enable the Company strike balance between pay-out and retained earnings, in order to address future needs of the Company.

Commencement:

This Policy shall come into force for accounting periods beginning from 1st April 2019 and the policy is effective from the date of approval of the Board i.e., from January 29, 2019.

This policy is being adopted and published in compliance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 that introduces Regulations 43A mandated top 500 Listed Entities based on market capitalization to formulate Dividend Distribution Policy. Thereafter, The SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021 has mandated under Regulation 43A top 1000 listed entities based on market capitalization shall formulate a dividend distribution policy which shall be disclosed on the website of the listed entity and a web-link shall also be provided in their annual reports.

The Regulation further prescribed that, the Dividend Distribution Policy shall include the following parameters:

- a. the circumstances under which the shareholders of the listed entities may or may not expect dividend;
- b. the financial parameters that shall be considered while declaring dividend;
- c. internal and external factors that shall be considered for declaration of dividend;
- d. policy as to how the retained earnings shall be utilized; and
- e. parameters that shall be adopted with regard to various classes of shares:

Provided that if the listed entity proposes to declare dividend on the basis of parameters in addition to clauses (a) to (e) or proposes to change such additional parameters or the dividend distribution policy contained in any of the parameters, it shall disclose such changes along with the rationale for the same in its Annual Report and on its Website.

Objective:

- a. This Policy is framed in accordance with the requirement under Regulation 43A of the Securities and Exchange Board of India Listing Obligations and Disclosure Requirements (LODR) Regulations, 2015 (including any amendments thereof).
- b. The Company shall make appropriate disclosures as required under the LODR Regulations, 2015.



Definitions:

- a. "Board" means the Board of Directors of TeamLease Services Limited.
- b. "Company" means TeamLease Services Limited.
- c. "Policy" means this Policy, as amended from time to time.
- d. "Dividend" includes interim dividend.
- e. "Listing Regulations" means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendments thereof).
- f. "Financial year" shall mean the period starting from 1st day of April and ending on 31st day of March every year.

Declaration of Dividend:

The declaration of dividend (including interim dividend) would be subject to compliance with the applicable provisions of the Companies Act, 2013, Rules and Listing Regulations made thereunder as amended from time to time.

Parameters for Dividend Payout:

a. The circumstances under which the shareholders may or may not expect dividend:

The Company intends to offer maximum return on investment to the shareholders keeping in mind the underlying growth and future of the Company. However, the Board may not consider to declare any dividend or declare a lower rate of dividend based on the following circumstances:

- 1. Prospective growth opportunities of the Company;
- 2. Threats/concerns of the Company;
- 3. Inadequacy or absence of profits;
- 4. Higher working capital requirements for business operations of the Company.

b. Financial Parameters including Internal Factors that shall be considered while declaration of dividend:

The financial parameters which would be considered while declaration of dividend by the Board are as follows:

- 1. Current year profits of the Company;
- 2. Past dividend pattern;
- 3. Major capital expenditure to be incurred by the Company;
- 4. Operating Cash flow and treasury needs/requirement;



5. Debt-equity ratio of the Company;
6. Cost of borrowing of the Company, keeping in view the growth opportunities;
7. Debt obligations of the Company;
8. Investments in new business;
9. Provisioning for financial implications arising out of unforeseen events and/or contingencies;
10. Reputation of the Company;
11. Restrictions/covenants if any, contained in any lender agreements or any other arrangement or agreement entered into by the Company.

c. External Factors that shall be considered while declaration of dividend:

Certain external factors could compel the Board of the Company to reflect on the dividend payout for any financial year of the Company. Some of the external factors affecting the Company's dividend payment are:

- 1) **Macroeconomic conditions:** In the event of uncertain or recessionary economic and business conditions, the Board may consider retaining a larger part of the profits to have sufficient reserves to absorb unforeseen circumstances;
- 2) **Statutory requirements:** Statutory requirements, regulatory conditions or restrictions as applicable including tax laws, Companies Act, 2013 and SEBI Regulations etc.;
- 3) **Agreements with Lending Institutions:** The Board may consider protective covenants in a bond indenture or loan agreement that may include leverage limits & restrictions on payment of cash dividends in order to preserve the Company's ability to service its debt; and
- 4) **Capital Markets:** In favorable market scenarios, the Board may consider for liberal payout. However, it may resort to a conservative dividend pay-out in case of unfavorable market conditions.

d. Utilization of Retained Earnings:

The Company believes in cash retention for growth, expansion and diversification including acquisitions to be made by it, and also as a means to meet contingency requirements. The retained earnings of the Company may be used in any of the following ways:

1. Capital expenditure for working capital;
2. Organic and/or inorganic growth;
3. Investment in new business(es);
4. Additional investment in existing business(es);
5. Declaration of dividend;
6. Capitalisation of shares;
7. Buy back of shares;



8. General corporate purposes, including contingencies;
9. Any other permitted usage as per the Companies Act, 2013.

e. Parameters adopted to various classes of shares:

- a) At present, the issued, subscribed and paid up shares capital comprises only one class, i.e., equity shares.
- b) The payment of dividend shall be based on the respective rights attached to each class of shares as per their term of issue.
- c) The dividends shall be paid out of the Company's distributable profits and / or general reserves and from such other reserves as may be statutorily permissible and shall be allocated among shareholders on a pro rata basis according to the number of each type and class of shares held.

This Dividend Distribution Policy shall be applicable to equity shares.

Procedure:

Final dividend is declared at the Annual General Meeting (AGM) of the shareholders on the basis of recommendations of the Board. The Board may, at its discretion, also declare an interim dividend.

Manner of utilization of Retained Earnings

Retained Earnings may be used for corporate actions in accordance with applicable laws and for investments towards growth of the business.

Statutory / Regulatory requirements and tax considerations

- a. The Company shall observe the relevant statutory requirements including those with respect to mandatory transfer of a certain portion of profits to any specific reserve(s), as may be applicable to the Company at the time of taking decision with regard to dividend declaration or retention of profit.
- b. Dividend distribution tax as per applicable tax regulations in India.
- c. Any restriction on payment of dividends by virtue of any regulation, if any, may be applicable to the Company at the time of declaration of dividend.

Rate/Quantum of Dividend

It has always been the Company's endeavour to deliver sustainable value to all its stakeholders. The Company will strive to distribute an optimal and appropriate level of the profits earned by it in its business, to the shareholders, in the form of dividend. The Company would maintain a dividend pay-out as may be determined by the Board from time to time, considering the general business factors and other significant parameters specified in this policy.



Board Discretion:

The Board may recommend special dividend as and when it deems fit.

The Dividend Distribution Policy shall also be uploaded on the website of the Company at <https://group.teamlease.com/>
