

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
0.3	November 06, 2024	Secretarial Department	Alaka Chanda - Company Secretary and Compliance Officer	Board of Directors	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.



1. 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.

2. 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.

3. 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



4. 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.

5. 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.

6. Parameters for Dividend Payout:

6.1 Operating Performance

The Board shall determine the dividend pay-out in a particular year after taking into consideration the operating and financial performance of the Company, the advice of executive management and other relevant factors in this regard.

6.2 Operating cash flow of the Company

In case of inadequacy in operating cash flow, the Company may need to rely on external funding to meet its financial obligations and other working capital needs. The Board will consider the same before deciding on whether to declare dividend or retain its profits.

6.3 Inadequacy of profits

If during any financial year, the Board determines that the profits of the Company are inadequate or in the event of loss, the Board may decide not to declare dividends for the financial year.

6.4 Operational and working capital requirements, provision for depreciation and capital expenditure plans

In addition to the operational and working capital requirements, the Board may also take into account the need to plough back the earnings on account of depreciation, replacement of capital assets, expansion and modernization or augmentation of capital assets, including any major capital expenditure proposal(s) and inter-corporate investments.

6.5 Prudential requirements

The Company may take into account the following prudential requirements:-

- a) The need to augment long term financial resources for the Company,
- b) Ability of the Company to raise finance from the lending markets and capital markets and prevailing market conditions thereto.
- c) Prospective projects and strategic decisions in order to decide to build a healthy reserve of retained earnings to fund organic and inorganic expansions.

6.6 Stakeholders' expectations

The Board, while considering the decision of dividend pay-out or retention of a certain amount out of entire profits of the Company, shall, as far as possible, consider the expectations of the major stake holders including the small shareholders of the Company, who generally expects for a regular dividend pay-out.

7. Other significant parameters

7.1. 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:

- a. Prospective growth opportunities of the Company;
- b. Threats/concerns of the Company;
- c. Significant expansion project requiring higher allocation of capital.
- d. Any acquisitions or joint ventures requiring significant allocation of capital.
- e. Utilisation of surplus cash for buy-back of securities.

7.2. Financial Parameters 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:

- a. Current year profits of the Company;
- b. Past dividend pattern;
- c. Major capital expenditure to be incurred by the Company;
- d. Operating Cash flow and treasury needs/requirement;
- e. Debt-equity ratio of the Company;
- f. Cost of borrowing of the Company, keeping in view the growth opportunities;
- g. Debt obligations of the Company;



- h. Investments in new business;
- i. Provisioning for financial implications arising out of unforeseen events and/or contingencies;
- j. Reputation of the Company;
- k. Restrictions/covenants if any, contained in any lender agreements or any other arrangement or agreement entered into by the Company.

7.3. Internal and External Factors that shall be considered while declaration of dividend

The decision regarding dividend pay-out is a crucial business decision as it determines the amount of profit to be distributed among the shareholders and amount of profit to be retained in business. The Board of Directors may decide to declare / recommend dividend, subject to several factors and hence, any optimal policy in this regard may depend upon multifarious factors.

The dividend pay-out decision depends upon the following external and internal factors: -

External factors

- 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 and prevailing economic and monetary conditions including credit availability, both domestic and international;
- 2) **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.

Internal Factors

- a) Restructuring events including mergers and acquisitions.
- b) Loan covenants entered into with Bankers / Lenders / Financial institutions.
- c) Expansion of existing business.
- d) Legal and regulatory requirements.
- e) Any other relevant factors as may be deemed fit by the Board of Directors of the Company.

8. 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:

- a. Capital expenditure for working capital;
- b. Organic and/or inorganic growth;
- c. Investment in new business(es);



- d. Additional investment in existing business(es);
- e. Declaration of dividend;
- f. Capitalisation of shares;
- g. Buy back of shares;
- h. General corporate purposes, including contingencies;
- i. Any other permitted usage as per the Companies Act, 2013.

9. 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.

10. 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.

11. 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, as may be applicable to the Company at the time of declaration of dividend.

12. 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.



13. 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/>
