

Independent Auditor's Report on the proposed buy back of equity shares pursuant to the requirements of Section 68 and Section 70 of the Companies Act, 2013 and Clause (xi) of Schedule I of the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018 as amended

The Board of Directors
TeamLease Services Limited
315 Work Avenue Campus,
No.77, Ascent Building, Jyothi Nivas College Road,
Koramangala,
Bengaluru – 560095

1. This Report is issued in accordance with the terms of our service scope engagement letter dated February 3, 2023 and master engagement agreement dated February 3, 2023 with TeamLease Services Limited (hereinafter the "Company").
2. The proposal of the Company to buy back its equity shares in pursuance of the provisions of Section 68 and 70 of the Companies Act, 2013 (the "Act") and the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018, as amended ("the SEBI Buyback Regulations"), has been approved by the Board of Directors of the Company in their meeting held on February 03, 2023. The proposal for buyback is subject to the approval of the shareholders of the Company. The Company has prepared the accompanying Annexure A- Statement of permissible capital payment for proposed buyback of equity shares (the "Statement"), which we have initialed for identification purposes only. The Statement contains the computation of amount of permissible capital payment towards buyback of equity shares in accordance with the requirements of Section 68(2)(c) and Regulation 4(i) of the SEBI Buyback Regulations, based on the latest audited standalone and consolidated financial statements of the Company for the year ended March 31, 2022.

Board of Directors Responsibility for the Statement

3. The preparation of the Statement is the responsibility of the Board of Directors of the Company, including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
4. The Board of Directors are responsible to make a full inquiry into the affairs and prospects of the Company and to form an opinion as specified in clause (x) of Schedule I to the SEBI Buyback Regulations on reasonable grounds that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from the date of the Board meeting. The Board of Directors are also responsible for ensuring that the Company complies with the requirements of the Act and SEBI Buyback Regulations.

Auditor's Responsibility

5. Pursuant to the requirements of the Act and SEBI Buyback Regulations, it is our responsibility to provide reasonable assurance:
 - (i) Whether we have inquired into the state of affairs of the Company in relation to its audited standalone and consolidated financial statements for year ended March 31, 2022;
 - (ii) Whether the amount of permissible capital payment for the proposed buyback of the equity shares as included in the Statement has been properly determined in accordance with the provisions of Section 68(2)(c) of the Act and Regulation 4(i) of the SEBI Buyback Regulations;
 - (iii) Whether the Board of Directors have formed the opinion as specified in clause (x) of Schedule I to the SEBI Buyback Regulations on reasonable grounds and that the Company, having regard to its state of affairs, will not be rendered insolvent within a period of one year from the date of the Board Meeting.
6. The audited standalone and consolidated financial statements referred to in paragraph 5(i) above, have been audited by us, on which we issued an unmodified audit opinion vide our reports dated May 18, 2022 and May 18, 2022 respectively. Our audits of these financial statements were conducted in accordance with the Standards on Auditing, as specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
7. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
9. Our scope of work did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial results of the Company taken as a whole. We have not performed an audit, the objective of which would be the expression of an opinion on the financial results, specified elements, accounts or items thereof, for the purpose of this report. Accordingly, we do not express such opinion.
10. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the applicable criteria mentioned in paragraph 5 above. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated with the applicable criteria. Our procedures included the following in relation to the Statement:
 - i) We have inquired into the state of affairs of the Company in relation to its audited standalone and consolidated financial statements for the year ended March 31, 2022 and the unaudited financial results of the Company for the nine months ended December 31, 2022;

- ii) Read the Articles of Association of the Company and noted the permissibility of buyback;
- iii) Traced the amounts of Paid-up equity share capital, Securities premium and Retained earnings as mentioned in Statement from the audited standalone and consolidated financial statements for the year ended March 31, 2022;
- iv) Obtained the minutes of the meeting of the Board of Directors in which the proposed buyback was approved and compared the buyback amount with the permissible limit computed in accordance with the section 68(2)(c) of the Act, Regulation 4(i) of the SEBI Buyback Regulations, proviso of Section 68(2)(b) of the act and proviso of regulation 5(i)(b) of SEBI Buyback regulations;
- v) Obtained the minutes of the meeting of the Board of Directors in which the proposed buyback was approved and read the board had formed the opinion as specified in SEBI Buyback Regulations on reasonable grounds that the Company, having regard to the state of affairs, will not be rendered insolvent within a period of one year from the Board meeting date;
- vi) Tested whether the ratio of aggregate of secured and unsecured debts owed by the Company to the paid up capital and free reserve after such buy-back is as per Section 68(2)(d) of the Companies Act, 2013 and SEBI Buyback Regulations to the extent applicable;
- vii) Examined that all shares for buyback are fully paid-up;
- viii) Obtained necessary representations from the management of the Company;

Opinion

11. Based on our examination as above, and the information and explanations given to us, we report that:
- (i) We have inquired into the state of affairs of the Company in relation to its audited standalone and consolidated financial statements for year ended March 31, 2022;
 - (ii) The amount of permissible capital payment for proposed buyback of the equity shares as included in the Statement has been properly determined in accordance with the provisions of Section 68(2)(c) of the Act and Regulation 4(i) of the SEBI Buyback Regulations;
 - (iii) The Board of Directors have formed the opinion as specified in clause (x) of Schedule I of the SEBI Buyback Regulations on reasonable grounds that the Company, having regard to its state of affairs, will not be rendered insolvent within a period of one year from the Board meeting date;

Restriction on Use

12. The Report is addressed to and provided to the Board of Directors of the Company pursuant to the requirements of Section 68 and Section 70 of the Act read with Clause (xi) of Schedule I of SEBI Buyback Regulations solely to enable them to include it (a) in the explanatory statement to be included in the postal ballot notice to be circulated to the shareholders, (b) in the public announcement to be made to the Shareholders of the Company and (c) other documents pertaining to the buyback to be filed with the Securities and Exchange Board of India, the stock exchanges, the Registrar of Companies, the National Securities Depository Limited and the Central Depository Securities (India) Limited, (d) and for onward submission to the Manager to the Buyback in connection with the Buyback and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Navin Agrawal
Partner
Membership Number: 056102
Place of Signature: Bengaluru
Date: February 3, 2023
UDIN: 23056102BGUUNU6018

Annexure- A

Statement of permissible capital payment for proposed buyback of equity shares.

Computation of the amount of permissible capital payment towards buyback of equity shares in accordance with the requirements of Section 68(2) of the Companies Act, 2013 as amended, and the Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018, as amended ("SEBI Buyback Regulations"), based on both the audited standalone financials statements and the audited consolidated financials statements of the Company as at March 31, 2022

(Amount in Rs. Lakhs)

Particulars	Standalone	Consolidated
A. Paid up equity Share Capital- Equity Shares of Rs.10 each fully paid up	1,709.68	1,709.68
B. Free reserves*		
- Securities Premium Account	24,764.29	24,764.29
- Retained Earnings	41,149.21	42,489.11
Total Free Reserves	65,913.50	67,253.40
Total of Paid up Equity Share Capital and Free Reserves (A+B)	67,623.18	68,963.08
Maximum amount permissible for buyback under Section 68(2)(c) of the Act and Regulation 4(i) of the SEBI Buyback Regulations (25% of the Total of the Paid up Equity Share Capital and Free Reserves)	16,905.80	17,240.77
Amount approved by the board of directors subject to approval of shareholders for the buyback in the meeting held on February 3, 2023		10,000.00

* Free Reserves as defined in Section 2(43) of the Companies Act, 2013 read along with Explanation II provided in Section 68 of the Companies Act, 2013 as Amended.

Note: The above circulation of the total paid-up equity share capital and free reserves as at March 31, 2022 for buyback of equity shares is based on the amounts appearing in the audited standalone financial statements and the audited consolidated financials statements of the Company for the year ended March 31, 2022. These financials are prepared and presented in accordance with the accounting principles generally accepted in India, including Indian Accounting standards prescribed under Section 133 of the Companies Act, 2013 read with rules made thereunder, (as amended).

FOR IDENTIFICATION PURPOSES ONLY

S.R. Batliboi & Associates LLP
BENGALURU

For TeamLease Services Limited

Nedurumalli
Ashok Kumar

Ashok Kumar Nedurumalli
Managing Director

Digitally signed by Nedurumalli Ashok Kumar
DN: CN = Nedurumalli Ashok Kumar, C = IN, S = Telangana, O = Personal
Date: 2023.02.03 17:55:06 +05'30'