

**CEAT LIMITED****DIVIDEND DISTRIBUTION POLICY**

<b>I</b>	<b>Introduction &amp; Objective:</b>
	<p>Regulation 43A of the Securities Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations'), mandates top 500 listed entities, determined on the basis of their market capitalization calculated on March 31 of every financial year to formulate a Dividend Distribution Policy.</p> <p>In compliance with Regulation 43A of the Listing Regulations, the Company has framed this Dividend Distribution Policy.</p> <p>This Policy aims to help the investors and Stakeholders in their investing decisions and shall be effective from the date of adoption of the same by the Board of Directors (the Board).</p>
<b>II</b>	<b>Regulatory Framework:</b>
	<p>The Dividend, if any, declared by the Company (including Interim Dividend) shall be governed by the provisions of the Companies Act, 2013 read with the Companies (Declaration and Payment of Dividend) Rules, 2014, the Listing Regulations and the provisions of Articles of Association of the Company, as in force time to time (hereinafter collective referred as "Applicable Laws").</p>
<b>III</b>	<b>Parameters/factors to be considered for declaration of dividend</b>
<b>A</b>	<b>General:</b>
	<ul style="list-style-type: none"> <li>• The Board shall recommend dividend only if it is of the opinion that it is financially prudent to do so.</li> </ul>
<b>B</b>	<b>Financial and Internal Parameters:</b>
	<p>The Board would consider the following financial parameters before declaring interim dividend or recommending a final dividend to shareholders for declaration:</p> <ul style="list-style-type: none"> <li>• Stand-alone net operating profit after tax;</li> <li>• Working capital requirements;</li> <li>• Operating expenditure requirements including loan repayments and interest payments;</li> <li>• Capital expenditure requirements;</li> <li>• Resources required to fund acquisitions and inorganic growth</li> <li>• Cash to be retained for business needs</li> <li>• Cash flow required to meet contingencies;</li> </ul>

	<ul style="list-style-type: none"> <li>• Outstanding borrowings and total debt equity ratio;</li> <li>• Past dividend payment trends of the Company and dividend track record</li> <li>• Total Cash outflow including tax payments</li> <li>• Extra-ordinary income/profits by the Company arising from transactions such as sales of land or undertaking.</li> <li>• Tax impact of the dividend and the cash outflow post tax</li> </ul> <p>The Board shall also consider the following internal factors while declaring an interim dividend or recommending a final dividend to the shareholders to:</p> <ul style="list-style-type: none"> <li>• Business Strategy of the Company,</li> <li>• Expansion plans,</li> <li>• Corporate restructuring,</li> <li>• Scheme of arrangement or any other item which can have a financial impact on the Company.</li> <li>• Unforeseen events and contingencies with financial implications</li> </ul>
<b>C</b>	<b>External Parameters:</b>
	<p>The Board shall also consider inter-alia the following external factors i.e. factors on which the Management or the Company has no control, while declaring an interim dividend or recommending a final dividend:</p> <ul style="list-style-type: none"> <li>• Business Environment</li> <li>• Regulatory restrictions, if any or the prevalent statutory requirements</li> <li>• Provisions of Tax laws governing dividend</li> <li>• Dividend Pay-out ratios of Peers</li> <li>• Economic environment and state of the capital markets</li> <li>• Change in Government Policy, which can have a financial impact on the Company</li> <li>• Commodity price impact on the business</li> <li>• Cyclical nature of industry/business</li> <li>• Need to maintain competitiveness of the Company and its business</li> </ul>
<b>IV</b>	<b>Circumstances under which the shareholders may or may not expect dividend:</b>
	<p>The Company has been consistently paying out dividends to its shareholders and can be reasonably expected to continue in future as well, unless the Company is restrained to declare dividend due to insufficient profits or due to any of the external or internal factors listed above.</p> <p>Further, though the Company endeavors to declare the dividend to the shareholders, the Board may propose not to recommend dividend after analysis of various financial parameters including those listed above, cash flow position and funds required for future growth and</p>

	capital expenditure or in case of a proposal to utilize excess cash for buy-back of existing share capital.
<b>V</b>	<b>Policy as to how the retained earnings shall be utilized</b>
	<p>The profits being retained in the business shall be continued to be deployed in business for meeting the operating expenses, capital expenditure, augmentation of working capital including servicing of term loans, cash outflow for business growth and potential acquisition, if any, thus contributing to the growth of business and operations of the Company.</p> <p>The Company stands committed to deliver sustainable value to all its stakeholders.</p>
<b>VI</b>	<b>Parameters that shall be adopted with regard to various classes of shares:</b>
	<p>The holders of the Equity Shares of the Company as per the Issued and Paid-up capital, on the record date, are entitled to receive dividends.</p> <p>The other classes of shares for e.g. Preference Shares or Shares with differential voting rights will be governed by the terms of issue of such shares.</p> <p>Any convertible instruments issued by the Company shall be entitled for dividend only upon conversion.</p>
<b>VIII</b>	<b>Procedure with respect to dividend:</b>
	<ul style="list-style-type: none"> <li>• The Board upon perusing the rationale for proposed pay-out, may recommend a final dividend or declare an interim dividend.</li> <li>• The final dividend recommended by the Board is subject to declaration by the shareholders in the ensuing Annual General Meeting.</li> <li>• The interim dividend declared by the Board shall be placed for confirmation before the shareholders in the ensuing Annual General Meeting.</li> <li>• The CFO may in consultation with the MD shall also recommend to the Board transfer of such percentage of profits for that financial year as deemed appropriate to the reserves of the Company and the Board may decide on the same.</li> <li>• In case of inadequacy of profits for any financial year, the Board may approve declaration of dividend out of accumulated profits of the previous years as per this Policy and the Regulatory Framework.</li> </ul>
<b>IX</b>	<b>Disclosure:</b>
	The Company shall make appropriate disclosures as required under the SEBI Regulations and the Companies Act, 2013.
<b>X</b>	<b>Amendments:</b>

	<p>The Board reserves the right to amend this Policy in whole or in part, at any point of time, as may be deemed necessary.</p> <p>It is hereby clarified that provisions of the Applicable Laws shall prevail over the provisions of this Policy to the effect necessary amendments in the Applicable Laws have not been carried out in this Policy.</p>
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