

CEAT LIMITED

Terms and Conditions for the Appointment of Directors

The terms and conditions of appointment of the following Independent Directors are subject to the extant provisions of the (i) applicable laws including the Companies Act, 2013 read with Schedule IV and Clause 49 of the Listing Agreement (as amended from time to time) and (ii) Articles of Association of the Company:

1. Details Independent Directors & Committees position held by them :

Sr. No.	Name of the Independent Director	Committee Membership if any
1.	Mr. Mahesh Gupta	Audit Committee- Chairman Nomination & Remuneration Committee- Chairman Risk Management Committee-Chairman Stakeholders Relationship Committee- Member
2.	Mr. S. Doreswamy	Stakeholders' Relationship Committee- Chairman Audit Committee- Member Risk Management Committee- Member Nomination & Remuneration Committee- Member
3.	Mr. Vinay Bansal	Corporate Social Responsibility Committee- Member
4.	Mr. Kantikumar Podar	Nil
5.	Mr. Atul Choksey	Nil
6.	Mr. Haigreve Khaitan	Nil
7.	Ms. Punita Lal	Nil

2. Tenure and Terms of Appointment:

The period of the said Independent Directors is consecutive five years with effect from September 26, 2014. The same can be extended for another term of upto 5 (five) consecutive years upon the recommendation of the Nomination and Remuneration Committee and the Board after carrying out a performance evaluation as per the policy approved by the Board. The appointment is however, subject to their continuing to meet the criteria for "Independence" mentioned in Section 149 of the Act and the Listing Agreement entered into with the Stock Exchanges.

As Independent Directors, they will not be liable to retire by rotation.

3. Expectations of the Board of Directors:

As per the Articles of Association of the Company, the powers of management of the Company are vested in the Board of Directors. The Board recognises the high level of knowledge, skills and experience that they possess and it is therefore expected that they, as member of the Board of Directors, will perform their duties efficiently and diligently while deliberating on any business placed before them for decision.

The Company looks forward to their invaluable inputs and guidance on the above matters whenever placed before the Board or its Committees for discussion and approval.

4. Committees of the Board of Directors:

The Company being a listed company, has to constitute Committees of the Board of Directors, as per the Companies Act, 2013 (including any statutory modification or re-enactment thereof) (the Act) and also as specified in the Listing Agreement.

Therefore, some of the Independent Directors have been nominated as members of the Committees by the Board as per details given in the above table given at 1

above. Further, they may be also requested to serve on any Committee(s) within the statutory limit laid down in the Act and Clause 49 of the Listing Agreement entered into with the Stock Exchanges from time to time. They may also be requested to serve on any non-statutory Committee of the Board formed for a specific purpose.

5. Duties and liabilities:

As the Director of the Company, they shall be responsible for and perform the professional duties in accordance with Section 166 of the Companies Act, 2013 (the Act) and the Rules made there under and Schedule IV of the Act, as amended from time to time and other applicable regulations.

In addition, they will also be responsible for:

- a) Abiding by the provisions laid down in Section 149 (8) read with Schedule IV- Code for Independent Directors of the Act.
- b) Complying with all statutes, rules and regulations as may be applicable to them / the Company, including any conditions which may be imposed on directors/the Company by the Central Government.
- c) Observing the Policy on Code of Conduct for Board Members and Senior Management adopted by the Company.
- d) Observing all other Policies and/or Regulations framed and / or adopted by Company to the extent applicable to the Directors from time to time and any non-observance thereof shall be treated as breach of duty and they shall be liable for the same.

6. Vacation of Office:

They shall vacate office upon occurrence of any of the events mentioned in Section 167 of the Act inter alia including, absenting themselves from all the meetings of the Board of Directors held during a period of 12 (twelve) months with or without seeking leave of absence.

7. Non compete and non solicitation:

They shall not directly or indirectly, during the term of their appointment alongwith any extension in the term and for a period of 2 (two) years following the expiry of the term or termination:

- a) act as partner, advisor, consultant, manager, trustee or agent of or for any person carrying on business that directly or indirectly competes with the business of the Company or otherwise engage themselves in any business that directly or indirectly competes with the business of the Company;
- b) seek to contract with or engage (in such a way as to adversely affect the Company) any person who has been contracted with the Company or engaged or employed by the Company.

8. Confidentiality:

They will not at any time (a) retain or use for their benefit, purposes or account any information (b) disclose divulge, reveal, communicate, share, transfer or provide access to any person outside the Company (other than its professional advisers who are bound by confidentiality obligations), any non-public, proprietary or confidential information - including without limitation trade secrets, know-how, research and development, software, databases, inventions, processes, formulae, technology, designs and other intellectual property, information concerning finances, investments, profits, pricing, costs, products, services, vendors, customers, clients, partners, investors, personnel, compensation, recruiting, training, advertising, sales, marketing, promotions, government and regulatory activities and approvals - concerning the past, current or future business, activities and operations of the Company, its subsidiaries or affiliates.

Upon end of the term or termination of their directorship with the Company for any reason, they shall (a) immediately destroy, delete, or return to the Company, at the Company's option, all originals and copies in any form or medium (including memoranda, books, papers, plans, computer files, letters and other data) in their possession or control (including any of the foregoing stored or located in their office, home, laptop or other computer, whether or not Company property).

Their obligation of confidentiality shall survive cessation of their respective directorships with the Company.

Additionally, they shall not participate in any business activity which might impede the application of their independent judgement in the best interest of the Company.

9. Dealing with Price Sensitive Information:

They shall maintain the confidentiality of all Price Sensitive Information available with them. They shall not pass on such information to any person directly or indirectly by way of making a recommendation for the purchase or sale of securities. They shall ensure compliance with the Code of Conduct for Prevention of Insider Trading adopted by the Company pursuant to the Securities and Exchange Board of India (Prevention of Insider Trading) Regulations, 1992 and shall also ensure compliance with Section 195 of the Act.

10. Directors and Officers Insurance:

The Company has an Insurance Policy for Directors and Officers Insurance viz. 360* Protector Directors & Officers Liability Insurance – Non SEC from Tata AIG General Insurance Company Limited for providing a cover of up to Rs. 10.00 crores.

11. Remuneration:

Upon recommendation of the Nomination and Remuneration Committee and approval of the Board subject to approval of the shareholders in the General Meeting, wherever applicable and in accordance with the applicable provisions of the Act, the Independent Directors may be paid the following remuneration:

- a) Sitting fees for attending the meetings of the Board of Directors or any Committee thereof. Currently, the Sitting Fees for attending meetings of the Board of Director is Rs. 75,000/- per meeting.

- b) Remuneration for any service rendered by them to the Company which is of a professional nature, which in the opinion of the Nomination and Remuneration Committee is within the realm of their professional qualifications.
- c) Commission not exceeding 1% of the net profits calculated in accordance with Section 198 of the Act and upon following the procedure laid down in the Act.
- d) Reimbursement of any expenses incurred for attending the meetings of the Board or any Committee or shareholders.
- e) The above payments shall be subject to applicable taxes, if any.

12. Training and Development:

The Company may, if required, conduct formal training program for its independent Directors.

The Company may, as may be required, support Directors to continually update their skills and knowledge and improve their familiarity with the company and its business. The Company will fund/ arrange for training on all matters which are common to the whole Board.

13. Performance Appraisal/ Evaluation process:

As members of the Board, the performance of the Independent/Non Independent Directors as well as the performance of the entire Board and its Committees will be evaluated annually. Evaluation of each Director shall be done by all other Directors. The criteria for evaluation shall be disclosed in the Company's Annual Report. However, the actual evaluation process shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board/Committee.

14. Disclosures, other directorships and business interests:

During the Term, they agree to promptly notify the Company of any change in their directorships, and provide such other disclosure and information as may be required under the applicable laws. They also agree that upon becoming aware of any potential conflict of interest with their position as Independent Directors of the

Company, they shall promptly disclose the same to the Chairman and the Company Secretary.

During their Term, they agree to promptly provide a declaration under section 149(7) of the Companies Act, 2013 upon any change in circumstances which may affect their status as an Independent Director.