TAPARIA TOOLS LIMITED

Policy on Criteria for Making Payments to Non-Executive Directors

1. Introduction & Objective

In accordance with Regulation 46(2)(f) of the SEBI (LODR) Regulations, 2015, Taparia Tools Limited ("the Company") hereby outlines the criteria for making payments to its Non-Executive Directors (NEDs), including Independent Directors.

To maintain simplified governance and absolute independence, the Company compensates its Non-Executive Directors **solely through Sitting Fees** for attending meetings of the Board and its Committees, alongside the reimbursement of actual expenses incurred for attending such meetings.

2. Exclusive Remuneration Structure & Sitting Fee Scale

The compensation structure for Non-Executive Directors at Taparia Tools Limited is strictly restricted to the following components:

A. Sitting Fees (Primary Compensation)

Sitting fees are paid to NEDs for their active participation and attendance at respective meetings of the Board of Directors and designated Board Committees (e.g., Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee).

The scale of sitting fees, as determined by the Board of Directors from time to time within the statutory limits, is structured as follows:

Meeting Type	Fee Payable per Meeting (INR)	Applicability
Board Meeting	**₹35,000/-**	Payable to all participating Non-Executive Directors.
Committee Meeting	**₹15,000/-**	Payable to the respective committee members attending the meeting.

- **Regulatory Compliance:** The above fees are well within the statutory limit of ₹1,00,000 per meeting prescribed under Section 197 of the Companies Act, 2013, read with Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
- **Parity:** Independent and Non-Independent Non-Executive Directors must receive equal sitting fees for identical meetings.

B. Reimbursement of Expenses

Apart from sitting fees, NEDs do not receive any operational compensation. However, they are entitled to the reimbursement of actual, reasonable out-of-pocket expenses incurred to facilitate their attendance:

- Travel, lodging, and boarding expenses incurred for attending meetings.

- Miscellaneous expenses directly related to fulfilling their fiduciary duties as directors of the Company.

3. Explicit Exclusions (Zero Variable/Profit-Linked Pay)

To prevent any conflict of interest and preserve the objective oversight of the Board:

- **No Commission:** The Company **does not pay any commission or profit-related remuneration** to its Non-Executive Directors. No percentage of net profits is distributed to NEDs.
- **No Stock Options:** In compliance with Section 149(9) of the Companies Act, 2013, Independent Directors of the Company are **strictly prohibited** from receiving stock options, sweat equity, or any share-based payment schemes.

4. Criteria for Eligibility of Sitting Fees

To be eligible for the payment of sitting fees, a Non-Executive Director must satisfy the following:

Eligibility Criteria	Operational Requirement
Physical/Virtual Attendance	The director must actively participate in the respective meeting, either in person or through video conferencing/audio-visual means as permitted by law.
Quorum Contribution	The director's presence must be officially recorded in the minutes of the respective Board or Committee meeting.
Committee Membership	For Committee-specific sitting fees, the NED must be a formally appointed member of that respective Committee.

5. Disclosure and Review

- **Public Disclosure:** The details of the sitting fees paid to each Non-Executive Director during the financial year will be transparently disclosed in the Company's Annual Report and uploaded to the Company's official website in compliance with SEBI guidelines.
- **Periodic Review:** The Nomination and Remuneration Committee (NRC) will periodically review the sitting fee structure to ensure it remains reasonable, competitive, and fully compliant with any revised limits issued by the Ministry of Corporate Affairs (MCA).

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