

TAPARIA TOOLS LTD.

TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS

A. Preliminary

The appointment of an independent director shall be subject to the following:

1. The appointment is subject to the maximum permissible Directorships that one can hold as per the provisions of the Companies Act, 2013 and as per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
2. So long as the Director is an independent director of Taparia Tools Ltd., he/she will ensure that he/she does not get disqualified to act as a Director pursuant to the provisions of Section 164 of the Act.
3. An independent director will ensure compliance with other provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as applicable to him/her as an Independent Director.

B. Status of Appointment

The independent director will not be an employee of the Company and this letter shall not constitute a contract of employment. The independent director will be paid such remuneration by way of sitting fees for meetings of the Board as decided by the Board and approved by the Shareholders from time to time.

C. Role and Duties

The role and duties of an independent director will be those normally required of a Non-Executive Independent Director under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. There are certain duties prescribed for all Directors, both Executive and Non-Executive, which are fiduciary in nature and are as under:

- I. A director shall act in accordance with the Company's Articles of Association.
- II. A director shall act in good faith in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interest of the Company.
- III. A director shall discharge the duties with due and reasonable care, skill and diligence.
- IV. A director shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.
- V. A director shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners or associates.

In addition to the above requirements applicable to all Directors, the role of the Non-Executive Director has the following key elements:

Strategy: Non-Executive Directors should constructively challenge and help develop proposals on strategy;

Performance: Non-Executive Directors should scrutinise the performance of management in meeting on agreed goals and objectives;

Risk: Non-Executive Directors should satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible;

People: Non-Executive Directors are responsible for determining appropriate levels of remuneration of Executive Directors and have a prime role in appointing, and where necessary, removing Executive Directors and in succession planning;

Reporting: Non-Executive Directors take responsibility for the processes for accurately reporting on performance and the financial position of Taparia Tools Limited; and

Compliance: Non-Executive Directors should keep governance and compliance with the applicable legislation and regulations under review and the conformity of Taparia Tools Limited practices to accepted norms.

An independent director will abide by the guidelines of professional conduct, role, function and duties as an Independent Directors provided in Schedule IV of the Companies Act, 2013 (Copy Enclose).

D. Performance Evaluation

The reappointment or extension of term of an independent director will be recommended by the Nomination and Remuneration Committee of the Board.

E. Remuneration

The annual remuneration of an independent director will be as under:

1. The sitting fees presently paid to the Non-Executive Independent Director is Rs. 10,000/- per meeting of the Board and Rs. 5000/- per meeting for committees of the board.
2. An independent director will be entitled to reimbursement of expenses incurred by him in connection with attending the Board meetings and in relation to the business of the Company towards hotel accommodation, travelling and other out-of-pocket expenses.

F. Training

An independent director will be entitled to the benefit of a training program to familiarize himself with the business and affairs of the Company, growth plans, the peculiarities of the industry in which the Company operates, its goals and expectations and long term plans and objectives.

G. Disclosure of Interest

The Company must include in its Annual Accounts a note of any material interest that a Director may have in any transaction or arrangement that the Company has entered into. Such interest should be disclosed no later than when the transaction or arrangement comes up at a Board meeting so that the minutes may record your interest appropriately and our records are updated. A general notice that you are interested in any contracts with a particular person, firm or company is acceptable.

H. Miscellaneous

An independent director will have access to confidential information, whether or not the information is marked or designated as "confidential" or "proprietary", relating to the Company and its business including legal, financial, technical, commercial, marketing and business related records, data, documents, reports, etc., client information, intellectual property rights (including trade secrets & Confidential Information).

An independent director shall use reasonable efforts to keep confidentiality and to not disclose to any third party, such Confidential Information.

Annexure: Guidelines of professional conduct, Role, Function and Duties as an Independent Director (As provided in Schedule IV of the Companies Act, 2013)

Taparia Tools Limited

Annexure

Guidelines of professional conduct, Role, Function and Duties as an Independent Director

(As provided in Schedule IV of the Companies Act, 2013)

Guidelines for Professional conduct:

1. To uphold ethical standards of integrity and probity;
2. To act objectively and constructively while exercising your duties;
3. To exercise their responsibilities in a bona fide manner in the interest of the Company;
4. To devote sufficient time and attention towards your professional obligations for informed and balanced decision making;
5. To not allow any extraneous considerations that will vitiate their exercise of objective independent judgment in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
6. To not abuse their position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
7. To refrain from any action that would lead to loss of their independence;
8. Where circumstances arise which make an independent Director lose his independence, the independent Director must immediately inform the Board accordingly;
9. To assist the Company in implementing the best corporate governance practices.

Role and functions:

1. Assist in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.
2. Bring an objective view in the evaluation of the performance of Board and management.
3. Scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.
4. Satisfy yourself on the integrity of financial information and that financial controls and systems of risk management are robust and defensible.
5. Safeguard the interests of all stakeholders, particularly the minority shareholders.
6. Balance the conflicting interest of the stakeholders.
7. Determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management.

Duties:

1. Moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.
2. Undertake appropriate induction and regularly update and refresh your skills, knowledge and familiarity with the Company.
3. Seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the Company.
4. Strive to attend all meetings of the Board including a Separate meeting of the independent director.
5. Participate constructively and actively in the committees of the Board in which you are chairperson or member.
6. Strive to attend the general meetings of the Company.
7. Where you have concerns about the running of the Company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that your concerns are recorded in the minutes of the Board meeting.
8. Keep yourself well informed about the Company and the external environment in which it operates.
9. Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board.
10. Pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure yourself that the same are in the interest of the Company.
11. Ascertain and ensure that the Company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use.
12. Report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.
13. Acting within your authority, assist in protecting the legitimate interests of the Company, shareholders and its employees.
14. Not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.
