



LADAM AFFORDABLE HOUSING LIMITED

CRITERIA FOR MAKING PAYMENT TO NON-EXECUTIVE DIRECTOR

With changes in the Corporate Governance norms, the role and responsibilities of Non-Executive Directors (NED) and the degree and quality of their engagement with the Board has undergone a substantial change over a period of time. The Non-Executive Directors bring in a wider perspective in the deliberations and decision making of the Board which adds value to the Company. They also play a crucial role in the independent functioning of the Board.

Pursuant to the provisions of Companies Act, 2013 read with Listing Regulations, following are the criteria for making payment to Non-Executive Directors of the Company.

Policy relating to the Remuneration of Directors, Key Managerial Personnel and Senior Management:

A. Remuneration Criteria:

The guiding principle while determining the level and composition of remuneration is the competitiveness required to attract, retain and motivate competent personnel. While deciding the remuneration of Directors, Key Managerial Personnel and Senior Management, the following factors shall be taken into consideration:

- a. availability of talented, skilled and experienced professionals
- b. industry standards
- c. profitability of the Company and growth prospects

B. Sitting Fees and Commission:

The Non-Executive Director(s) shall receive Sitting fees for attending meetings of the Board or Committee there of or any other meeting as required by Companies Act, 2013, SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 (Listing Regulations) or other applicable law.

Independent Directors ("ID") and Non-Independent Non- Executive Directors ("NED") may be paid sitting fees (for attending the meetings of the Board and of committees of which they may be members) and commission within regulatory limits. Quantum of sitting fees may be subject to review on a periodic basis, as required. However, the approval is only obtained to pay sitting fees to Independent Directors.



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Within the parameters prescribed by law, the payment of sitting fees and commission will be recommended by the Nomination and Remuneration Committee (NRC) and approved by the Board.

No commission shall be payable to all the NEDs and IDs till approval is obtained as required under the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015.

C. Remuneration:

- i. Overall remuneration (sitting fees and commission) should be reasonable and sufficient to attract, retain and motivate Directors aligned to the requirements of the Company (taking into consideration the challenges faced by the Company and its future growth imperatives.)
- ii. Overall remuneration practices should be consistent with recognised best practices.
- iii. The aggregate commission payable to all the NEDs and IDs will be recommended by the NRC to the Board based on Company's performance, profits, return to investors, shareholder value.
- iv. If any such Director draws or receives, directly or indirectly, by way of fee/remuneration any such sums in excess of the limit as prescribed or without the prior sanction, where it is required, such remuneration shall be refunded to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive the recovery of any sum refundable to it.

The above criteria and policy are subject to review by the Nomination & Remuneration Committee and the Board of Directors of the Company from time to time.

D. Professional Fees:

Section 197 of the Companies Act, 2013, allows a Company to pay remuneration to its NEDs for services rendered by any such Director if:

- a. The services rendered are of Professional nature;
- b. In the opinion of NRC, the Director possess the requisite qualification for the practice of the profession.



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As per the provisions of Section 188 of the Companies Act, 2013, the Audit Committee and the Board of Directors of the Company shall approve the Professional fees to be paid to Non-Executive Director(s), and with the approval of the Shareholders wherever required.

Professional fees will be paid only after requisite approval obtained as required under the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015.

E. Reimbursement of actual expenses incurred:

In addition to the Sitting fees and Commission, the Company may pay to any Director such fair and reasonable expenditure, as may have been incurred by the Director while performing his/ her role as a Director of the Company. This could include reimbursement of expenses incurred for attending the Shareholders Meetings, Board Meetings and Committee Meetings thereof, induction and training (organised by the Company for Directors).

The Nomination and Remuneration Committee is entrusted with the role of reviewing the compensation of NEDs.