

NALWA SONS INVESTMENTS LIMITED

CIN:L65993DL1970PLC146414

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CLAWBACK & MALUS POLICY

(Approved by the Board of Directors on May 30, 2023)

1. Objective

This policy is proposed to safeguard the interest of all the stakeholders against possible negative impact in the event of restatement of financial results on a later date due to errors in previously reported financial information caused due to misconduct by the employee directly or indirectly that resulted in incorrect financial reporting.

Nalwa Sons Investments Limited (hereinafter referred to as either “NSIL” or the “Company”) intends to safeguard the interest of the Company and all its stakeholders by having a clawback provision whereby compensation (performance-based payment either bonuses or Incentives) already paid to above said employee(s) can be recovered by employer or benefactor.

2. Scope & Applicability

This Policy applies to all the employees of the Company.

3. Definitions

- Misconduct refers to an action or inaction without proper approvals or actions beyond the delegated authority or code of conduct.
- Performance-based compensation means all bonuses and other incentives and equity compensation awarded to any of the Company’s employee(s), the amount, payment and/or vesting of which was calculated based wholly or in part on the application of objective performance criteria measured during any part of the period covered by the restatement of financial statements of the Company.
- Restatement of financial statements means restating the amounts in the financial statements in which the error occurred due to misconduct by employee(s) directly or indirectly. Such restatement shall be in accordance with the provisions of Companies Act, 2013.

4. Policy Guidelines

In the event of restatement of financial statements or significant deterioration in financial health of the Company or major risk management failure, the variable pays or its deferred component shall be subject to clawback/ malus arrangements. Clawback shall allow the Company to recover previously paid or vested remuneration in cash or share-linked compensation. Malus provision shall allow prevention of vesting of all or part of deferred component of variable pay including cash and share-linked components.

The provisions of this policy will supersede all other policies on Remuneration and Compensation of employees including but not limited to stock options, cash incentive, severance pay.

Clawback or Malus shall be triggered under any of the following conditions, or any other conditions:

- Material restatement of financials;

- Detrimental conduct including but not limited to illegal activity, breach of fiduciary duty, fraud, deliberate harm to the Company's reputation;
- Significant responsibility for a material adverse outcome for organisation as whole or business unit;
- Wilful misleading to Board, shareholders, financial institutions, or regulators

The HR Head shall determine the applicability of any of the triggers basis satisfactory reasons and may determine any of the following actions basis the severity:

- Up to 100% of cash or share-linked component due for vesting for a particular year to be forfeited
- Up to 100% of entire unvested cash or share linked component to be forfeited
- Recovery of up to 100% of variable pay through cash or share-linked instruments, paid or vested up to previous 3 years.
- When malus or clawback is effected, there can be no proposal for increase in targeted variable pay for the year in which the malus/clawback is effected

5. Due Process Rights

Before the HR Head determines to seek recovery pursuant to this policy, the Company shall provide a written notice and the opportunity to be heard to the concerned employee(s).

6. Manner of Recovery

If the HR Head determines to seek a recovery pursuant to this policy, the Company shall make a written demand for recovery from the employee(s) and, if the employee(s) does not tender amount within a reasonable period in response to such demand letter, and the HR Head determines that he or she is unlikely to do so, then the Company may seek a legal course of action against the employee(s) for such recovery on any dues payable by concerned employee from the Company.

7. Review

The Board will conduct periodic review of the policy keeping in view the evolving requirement and recommend any revision in the policy to the Board for approval.