

# **AMBUJA CEMENTS LIMITED**

## **CLAW BACK POLICY IN THE EVENT OF FINANCIAL RESTATEMENT**

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**Objective:**

This policy is proposed to safeguard the interest of all the stakeholders against possible misconduct by senior management employee(s) that may cause re-statement of financial statement at a later date resulting into the loss of credibility clearly attributable on account of such misconduct.

To safeguard the interest of Ambuja Cements Limited (hereinafter referred to as either "Ambuja" or the "Company") and its all stake holders by having a claw back provision whereby money (performance based payment either bonuses or Incentives) already paid to senior management employee(s) can be recovered by employer or benefactor.

**Definitions:**

For the purposes of this policy:

- a) The term "misconduct" for the purpose of this policy means an action or inaction without proper approvals or actions beyond the delegated authority or code of conduct for senior management;
- b) The term "performance-based compensation" means all bonuses and other incentive and equity compensation awarded to any of the Company's senior management 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 results of the Company;
- c) The term "restatement of financial statements" means restating the amounts in the financial statements in which the error occurred due to misconduct by senior management employee(s). Such restatement shall be in accordance with the provisions of Companies Act.
- d) The expression "senior management employee(s)" means Chief Executive Officer, Chief Financial Officer and Chief Operating Officer including Managing and / or Whole-time Director appointed on the Board of Directors of the Company (the "Board") and such employee(s) of the company who are members of its core management team and have decision making power on material financial and revenue matters.

**Scope of Applicability:**

If, in the opinion of the Board, the Company's financial results are restated in whole or in part due to intentional misconduct by one or more of the Company's senior management employee(s) (the "Restatement"), the Board have the discretion to invoke the provisions of this policy and to remedy the misconduct and prevent its recurrence.

**Applicability:**

Senior Management Employee(s) of Ambuja and its subsidiaries.

**Details of Claw Back Policy:**

The Company's Board may, based upon the facts and circumstances surrounding the Restatement, initially direct, in respect of any senior management employee(s), to stop the increment or promotion and thereafter may direct to categorise 10% to 20% of his / her Gross Salary into variables. Considering the nature and severity of misconduct the Board may also direct the Company to recover all or a portion of incentive compensation paid, or cancel all, or part of, the stock-based awards granted, to a senior management employee(s). In addition, the Board may also seek to recoup any gains realized with respect to equity-based awards, including stock options granted under the Company's stock option plan.

Each senior management employee(s) shall repay the Company to the fullest or partial extent as directed by the Board, any annual incentive or other performance-based compensation awards ("Awards") received by him or her, provided that;

- the payment, grant or vesting of the Awards was based on the achievement of financial results that subsequently underwent restatement in the Company's financial statements; or
- the Board determines in its sole discretion, exercised in good faith, that the senior management employee(s) was engaged in misconduct that caused or contributed to the need for the restatement; or
- the amount of the compensation would have been lower than the amount actually received by the senior management employee(s), had the financial results been properly reported; or
- the Board determines in its sole discretion that it is in the best interests of the Company and its stakeholders for the senior management employee(s) to repay all or any portion of the Awards.

**Authority of decision making:**

The Board of Directors shall have full and final authority to make all determinations under this Policy. The Board, before determining / deciding on any matter under this Policy, shall consider the recommendation of the Nomination and Remuneration Committee of the Company.

All determinations and decisions made by the Board pursuant to the provisions of this Policy shall be final, conclusive and binding.

Each award agreement or other document setting forth the terms and conditions of any annual incentive or other performance-based award granted to the senior management employee(s) shall be deemed to include the provisions of this Policy.

The remedy specified in this policy shall not be exclusive and shall be in addition to every other right or remedy at law or in equity that may be available to the Company.

The Board acknowledges that this Policy will be amended if and as required to comply the board of security exchange or any such body.

### **Exceptions**

The Board shall not seek recovery to the extent it determines (i) that to do so would be unreasonable; or (ii) that it would be better for the Company not to do so. In making such determination, the Board shall take into account such considerations as it deems appropriate.

### **Due Process Rights:**

Before the Board determines to seek recovery pursuant to this policy, the Company shall provide a written notice and the opportunity to be heard to the concerned senior management employee(s) at a meeting of the Board or its nominated person/persons (which may be in-person or telephonic, as determined by the Ambuja Board).

### **Manner of Recovery:**

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

### **Policy Adoption and Review:**

This policy shall be adopted by the resolution of the Board of Directors of Ambuja. This policy shall be subject to review at the sole discretion of the Board of

Directors of Ambuja or as per delegation to Nomination and Remuneration Committee ("NRC").

The policy shall be distributed to employees of the company, as prevalent and sign-off shall be taken or deemed acceptance facilitated by seeking objection, if any, within fifteen days of circulation, post which this will be effective and will apply on employees of all vintage and on-rolls.

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