



LARSEN & TOUBRO

Employee Stock Ownership Scheme (ESOS)

LARSEN & TOUBRO LIMITED

EMPLOYEE STOCK OWNERSHIP SCHEME (ESOS)

1. OBJECTIVES

Employee Stock Ownership Schemes have been successfully used the world over as tools to reward the star performers, encourage performance improvement and retention of talent.

On similar lines, the L&T Employee Stock Ownership Scheme is envisaged to reward those employees who contribute significantly to company's profitability and shareholders' value as well as encourage improvement in performance and retention of talent.

2. DEFINITIONS:

A) Scheme: means this L&T Employee Stock Ownership Scheme and includes any amendments, modifications or additions thereto, that may be made from time to time.

B) Board:

Means the Board of Directors of the Company. For the purpose of this ESOP Scheme - 2003 Board is defined as any Committee including Nomination & Remuneration Committee of the Board, as approved by the shareholders in the 58th annual general meeting held on 22nd August, 2003.

C) Exercise:

Means the process by which the Employee makes an application to the Company for issue of shares vested in him under the Scheme.

D) Exercise Period:

Means the period within which the Employee should exercise his right to apply for shares vested in him.

E) Exercise Dates:

The exercise dates mean date or dates which will be notified under the Scheme for administrative convenience on which dates only the Employee may exercise his shares.

F) Eligibility:

All permanent employees (including Executive Directors and Non-Executive Directors but excluding Independent Directors) in Covenanted Grade and above of the Company and its Subsidiary and associate companies on the date of Grant, as may be decided by the Compensation Committee, would be eligible for the scheme.

The employees of Subsidiary Companies which are implementing / proposing to implement a Stock Ownership Scheme will not be eligible for this Scheme.

G) Employee:

Means an individual fulfilling all the criteria referred to in Clause “F” above.

GA) Regulations:

Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as issued by Securities and Exchange Board of India under Section 11 of the Securities and Exchange Board of India Act, 1992.

H) Grant:

Means grant by the Company to the Employee the right to apply for and obtain certain number of shares of the Company after the Vesting of such shares, under the Scheme, at the time and in the manner specified in the Scheme.

I) Exercise Price:

The price for the purpose of Grant, to be at such price, in such manner, during such period, in one or more tranches and on such terms and conditions as the Board may decide, provided that the Exercise Price per Option shall not be less than the par value of the equity share of the Company and shall not be more than the market price as defined in the Regulations and shall be subject to compliance with accounting policies under the Regulations

If, after the Grant, the Company makes any issue of bonus and / or rights shares, and / or FCDs, or share buy back, or split /

consolidation, the Grant, whether vested or unvested, shall be adjusted by applying appropriate factor.

J) Management:

The Corporate Management of the Company.

K) Performance Year:

Performance Year would be the fiscal year (April 1st to March 31st) immediately preceding the year of grant.

L) Vesting:

“Vesting” means the conferring, subsequent to the Grant, in favour of the Employee of the right to apply for and obtain some or all of the shares of the Company granted to him, in accordance with the Scheme.

3. Grant:

The number of Shares to be granted to each Employee would be as decided by the Compensation Committee.

4. Vesting Schedule:

Vesting will commence one year after the date of Grant at the rate of 25% of Grant each year, unless otherwise varied in accordance with the Rules.

5. Exercise of right to receive shares:

The Employee can receive the shares by exercising his right in the manner as may be provided.

6. Exercise Period:

The Exercise Period would be seven years (84 months) from the date of Grant or 3 years (36 months) from the date of retirement, whichever is earlier.

7. The number of shares to be allotted on exercise would be the number of shares, not more than the total number of unexercised vested shares, as may be exercised by the Employee.

8. Resignation / Termination:

On resignation/termination, only the vested Shares would be exercisable. The Employee has to exercise the Shares within a period of 90 days from the last date of employment or such other period as may be decided by the Board.

9.a) Retirement :

On retirement, all unvested Shares will vest in the Employee immediately.

b) Retirement of Non-Executive Directors (NED): The Retiring Age for Non-Executive Directors shall be 70 years (or as may be decided by the Board), on the attainment of which all the unvested Options shall be vested with them immediately.

c) Voluntary Retirement/ Pre-mature Retirement: The Employee will Exercise only the vested Options within a period of 180 days from the last date of employment. All unvested Options will lapse. However, the Management will have the discretion to vest the unvested Options in deserving cases.

In case of retirement, the Employee has to exercise the Options within a period of 3 years from the date of retirement or such other period as may be decided by the Board

b) Death:

In the event of death of the Employee, unvested Shares shall be vested as per Vesting Schedule on the Nominee/s or surviving Nominees, as the case may be.

In the event of death of any one of the Nominees, his Shares shall vest in the surviving Nominee/s, prorata.

c) Permanent incapacity:

In the event of permanent incapacity of the Employee, all unvested Options will vest in the Employee immediately.

The Employee has to exercise the Options within a period of 3 years from the date of permanent incapacitation or such other period as may be decided by the Board

The Board will frame necessary rules for the implementation of the Scheme.

The decision of the Board on all issues under the Scheme shall be final and binding on all parties.

No clause of the Scheme shall be interpreted, administered or implemented in a manner which could be considered detrimental or prejudicial to the interest of the Employees. In the event that any provision of the Regulations is considered to be in the interest of the Employees and which is not forming part of the scheme, then such provision of the Regulations shall be deemed to be a part of the Scheme.

In case of any conflict, provisions of the Regulations shall prevail over the Scheme/Rules.

jn: esos/99-00/scheme

LARSEN & TOUBRO LIMITED

Employee Stock Option

Scheme 2006

(ESOP SCHEME - 2006)

LARSEN & TOUBRO LIMITED

EMPLOYEE STOCK OPTION SCHEME 2006 (ESOP SCHEME - 2006)

1. OBJECTIVES

Employee Stock Option Schemes have been successfully used the world over as tools to reward the star performers, encourage performance improvement and retention of talent.

On similar lines, the ESOP Scheme - 2006 is envisaged to reward those employees who contribute significantly to the Company's profitability and shareholders' value as well as encourage improvement in performance and retention of talent.

2. DEFINITIONS:

A) ESOP Scheme - 2006:

Means this ESOP Scheme – 2006 and includes any amendments, modifications or additions thereto, that may be made from time to time.

B) Board:

Means the Board of Directors of the Company. For the purpose of this ESOP Scheme - 2006 Board is defined as any Committee including Nomination & Remuneration Committee of the Board, as approved by the shareholders in the 61st annual general meeting held on 25th August, 2006.

C) Exercise:

Means the process by which the Employee makes an application to the Company for issue of shares against the Options vested in him under the ESOP Scheme - 2006.

D) Exercise Period:

Means the period within which the Employee should exercise his right to apply for shares against the Options vested in him.

E) Exercise Dates:

Means the date or dates which will be notified under the ESOP Scheme - 2006 for administrative convenience on which dates only the Employee may exercise the Options vested in him.

F) Eligibility:

All permanent employees (including Executive Directors and Non-Executive Directors but excluding Independent Directors) in Covenanted Cadres of the Company and its subsidiary and associate companies on the date of Grant, including proposed promotees to Covenanted Cadres and new joiners, as may be decided by the Board, would be eligible for the ESOP Scheme - 2006.

The employees of Subsidiary Companies which are implementing / proposing to implement a Stock Option Scheme will not be eligible for this ESOP Scheme - 2006.

Directors holding 10% of the outstanding share capital of the Company's equity share capital at any time after the commencement of this ESOP Scheme – 2006 will not be eligible for grant of Options.

G) Employee :

Means an individual fulfilling all the eligibility criteria referred to in Clause "F" above.

H) Regulations:

Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as issued by Securities and Exchange Board of India under Section 11 of the Securities and Exchange Board of India Act, 1992.

I) Grant:

Means issue of Options by the Company to the Employee with a right to apply for and obtain certain number of shares of the Company after the Vesting of such Options, under the ESOP Scheme - 2006, at the time and in the manner specified in the ESOP Scheme - 2006.

J) Exercise Price:

The price for the purpose of Grant, to be at such price, in such manner, during such period, in one or more tranches and on such

terms and conditions as the Board may decide, provided that the Exercise Price per Option shall not be less than the par value of the equity share of the Company and shall not be more than the market price as defined in the Guidelines.

If, after the Grant, the Company makes any issue of bonus and / or rights shares, and / or FCDs, or share buy back, or split / consolidation, the Grant, whether vested or unvested, shall be adjusted by applying appropriate factor.

K) Management:

The Corporate Management of the Company.

L) Performance Year:

Performance Year would be the fiscal year (April 1st to March 31st) preceding the year of Grant.

M) Vesting:

Means the conferring, subsequent to the Grant, in favour of the Employee of the right to apply for and obtain some or all of the shares of the Company against the Options granted to him, in accordance with the ESOP Scheme - 2006.

3. Grant of Options:

The number of Options to be granted to each Employee would be as decided by the Board.

4. Vesting Schedule:

Vesting will commence one year after the date of Grant at the rate of 25% of Grant each year or at such other rates as may be fixed by the Board and may extend upto five years from the date of Grant, unless otherwise varied in accordance with the Rules.

5. Exercise of right to receive shares:

The Employee can receive the shares by exercising his right in the manner as may be provided.

6. Exercise Period:

The Exercise Period would be seven years (84 months) from the date of Grant or 3 years (36 months) from the date of retirement / death, whichever is earlier.

7. Allotment of shares:

The number of shares to be allotted on Exercise would be the number of shares, not more than the total number of unexercised vested Options, as may be exercised by the Employee.

8. Resignation / Termination:

On resignation/termination, only the vested Options would be exercisable. The Employee has to exercise the Options within a period of 90 days from the last date of employment or such other period as may be decided by the Board.

9. Retirement:

a) On retirement, all unvested Options will vest in the Employee immediately.

b) Retirement of Non-Executive Directors (NED): The Retiring Age for Non-Executive Directors shall be 70 years (or as may be decided by the Board), on the attainment of which all the unvested Options shall be vested with them immediately.

c) Voluntary Retirement/ Pre-mature Retirement: The Employee will Exercise only the vested Options within a period of 180 days from the last date of employment. All unvested Options will lapse. However, the Management will have the discretion to vest the unvested Options in deserving cases.

In case of retirement, the Employee has to exercise the Options within a period of 3 years from the date of retirement or such other period as may be decided by the Board

10. Death:

In the event of death of the Employee, unvested Options shall be vested immediately in the nominee/s or surviving nominee/s or legal heir/s, as the case may be.

In the event of death of any one of the nominees, his share shall vest in the surviving nominee/s or legal heir/s, prorata.

11. Permanent incapacity:

In the event of permanent incapacity of the Employee, all unvested Options will vest in the Employee immediately.

The Employee has to exercise the Options within a period of 3 years from the date of permanent incapacitation or such other period as may be decided by the Board

The Board will frame necessary Rules for the implementation of the ESOP Scheme - 2006.

The decision of the Board on all issues under the ESOP Scheme – 2006 shall be final and binding on all parties.

No clause of the ESOP Scheme – 2006 shall be interpreted, administered or implemented in a manner which could be considered detrimental or prejudicial to the interest of the Employees. In the event that any provision of the Regulations is considered to be in the interest of the Employees and which is not forming part of the scheme, then such provision of the Regulations shall be deemed to be a part of the ESOP Scheme – 2006.

In case of any conflict, provisions of the Regulations shall prevail over the Scheme/Rules.
