

Date: \_\_\_\_\_

Name of the Director  
Address

**SUBJECT: LETTER OF APPOINTMENT AS INDEPENDENT DIRECTOR**

Dear Sir,

We are pleased to inform you that due to your accomplishments and the wide range of experience and expertise that you can offer, upon the recommendation of the Nomination & Remuneration Committee, the Board of Directors of Larsen & Toubro Limited ("the Company") subject to the approval of shareholders, has approved your appointment as an Independent Director of the Company with effect from \_\_\_\_\_.

Pursuant to the requirements of Schedule IV of the Companies Act, 2013 ("the Act") pertaining to the Code of Independent Directors, we intend to issue this formal letter of appointment.

**1. TENURE OF APPOINTMENT:**

You will serve as an Independent Director for a term of five consecutive years commencing from \_\_\_\_\_ up to \_\_\_\_\_.

Your appointment is not a contract of employment with the Company.

**2. TERMS OF APPOINTMENT:**

We thank you for your confirmation that you meet the independence criteria as envisaged in section 149(6) of the Companies Act, 2013 ("Act") and Regulation 16(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR regulations").

Declarations to be made on re-appointment:

Pursuant to your re-appointment as an independent director in the Company, you will be required to furnish the declarations and documents as provided in Annexure 1.

### Qualification shares:

In accordance with Article 107 of the Articles of Association of the Company, you must hold 100 ordinary shares of Rs. 2 each in the Company. You will be required to hold these qualification shares as long as you are the Director of the Company. It is to be noted that as provided under the Act and SEBI LODR regulations, you will not be entitled to any stock options of the Company.

### Membership of other boards:

You can continue on the Boards of other companies. However, there should not be any conflict of interest vis-à-vis our company. Upon joining as member of another Board, you will be required to inform the Company in the form as given in Annexure 1.

### Retirement:

As provided under the Act, you will not be liable to retire by rotation at any General Meeting of the Company during your term of five years.

## **3. COMMITTEES OF THE BOARD:**

The Company has the following Committees:-

- a) Audit Committee
- b) Nomination & Remuneration Committee
- c) Stakeholders' Relationship Committee
- d) Corporate Social Responsibility Committee
- e) Risk Management Committee

Brief descriptions of the Committees including their terms of reference are enclosed with this letter as Annexure 2.

You may be requested:-

- a) To be a Member/Chairperson of any one or more Committees/Sub-committees of the Board which may be constituted from time to time.
- b) To be a member on the Board of one or more of the Company's subsidiary.

## **4. ABOUT THE COMPANY:**

A brief note providing information about the Company, its organization structure and internal frameworks is enclosed with this letter as Annexure 3.

## **5. DEVOTION OF TIME:**

It is expected that you will give sufficient time, as may be appropriate and essential in line with your responsibilities and duties as an Independent Director.

## **6. REMUNERATION:**

As per the provisions of the Act, the maximum limit of remuneration to be paid to all the Non-Executive Directors (NED)/Independent Directors of the Company is capped at 1% of the net profits of the Company.

Sitting fees will be Rs. 1,00,000 per meeting of the Board, Rs. 50,000 per meeting of the Audit Committee, Nomination & Remuneration Committee and Board Risk Management Committee and Rs. 35,000 for meeting of the Corporate Social Responsibility Committee and Stakeholders Relationship Committee. You will be entitled to reimbursement of expenses incurred by you, in connection with your attendance at Board, Committee and General Meetings.

In addition to the sitting fees, profit related commission would also be payable to you. In determining the amount of this commission, the Nomination & Remuneration Committee of the Company may consider various factors which *inter alia* include attendance at Board and Committee meetings, Chairmanship of the Board and Committees, contribution to the Board and Committee meetings, providing of guidance and support to senior management of the Company outside of Board meetings, industry practices, performance evaluation and performance of the Company.

## **7. ROLES & FUNCTIONS:**

As an independent director, you will be expected to –

- a) Help 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;
- b) Bring an objective view in the evaluation of the performance of board, committees and individual directors;
- c) Scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- d) Ensure the integrity of financial information and that financial controls and the systems of risk management are robust and flexible;
- e) Safeguard and balance the interest of all stakeholders;

- f) Moderate and arbitrate in the interest of the Company in situations of conflict between management and shareholder's interest.

## **8. RESPONSIBILITIES & DUTIES:**

Following will be your responsibilities and duties –

- a) Updation of your skills, knowledge and familiarity with the Company and the external environment in which it operates;
- b) Seeking appropriate clarification or amplification of information;
- c) Striving to attend and actively participate in all meetings of the Board and Committees of which you are a chairperson/member as well as the general meetings of the Company;
- d) Holding and/or participating actively in the separate meetings of the independent directors of the Company which shall –
  - review the performance of non-independent directors and the Board as a whole;
  - review the performance of the Chairperson of the Company, taking into account the views of executive and non-executive directors;
  - assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform its duties.
- e) Ensuring that your concerns about the running of the Company or a proposed action, are addressed by the Board and, to the extent that are not resolved, insist that your concerns are recorded in the minutes of the Board meeting;
- f) Not unfairly obstructing the functioning of an otherwise properly conducted meeting of the Board or committee(s) of the Board;
- g) Ensuring adequate deliberations, before approving related party transactions and assuring yourself that the same are in the interests of the Company;
- h) Ensuring that the Company has an adequate and functional vigil mechanism and reporting concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct;
- i) Acting within your authority, assist in protecting the legitimate interests of the Company, shareholders and employees;
- j) Not abusing 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;
- k) Refraining from any action that would lead to the loss of independence;
- l) Ensuring that they should not take for themselves personally any business opportunities that belong to the Company or are discovered through the use of corporate property, information or position;
- m) Not disclosing 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.

## **9. PROFESSIONAL CONDUCT:**

As an independent director, you shall-

- a) Uphold ethical standards of integrity and probity;
- b) Act objectively and constructively while exercising your duties;
- c) Exercise your responsibilities in a *bona fide* manner in the interests of the Company;
- d) Devote sufficient time and attention to your professional obligations for informed and balanced decision making;
- e) Not allow any extraneous considerations that will vitiate your 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;
- f) Not abuse your 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;
- g) Refrain from any action that would lead to loss of your independence;
- h) Where circumstances arise which make you lose your independence, you must immediately inform the Board accordingly;
- i) Assist the Company in implementing the best corporate governance practices.

## **10. TRAINING AND DEVELOPMENT:**

The Company holds Board meetings at its registered office and also if necessary, in locations, where it operates. Site/factory visits are organized at various locations for the Directors. Presentations are made regularly to the Board and the committees where Directors get an opportunity to interact with senior managers. Presentations, inter alia, cover business strategies, management structure, HR policy, management development and succession planning, quarterly and annual results, budgets, treasury policy, review of internal audit, risk management framework, operations of subsidiaries and associates, etc.

You will also be updated by in house journals, informative articles about the developments in the Company through e-mails or other relevant modes. You can also access the official website of the Company, [www.larsentoubro.com](http://www.larsentoubro.com) for any other information about the Company.

The Company will facilitate your attending seminars/programs/conferences designed to train directors to enhance the role as a non-executive Independent Director.

## **11. CODE OF CONDUCT OF THE COMPANY:**

The Company has a well-defined Code of Conduct ensuring proper compliance with necessary regulations. Every Director is expected to abide by the Code of Conduct in complete letter and spirit. The same has been enclosed with this letter as Annexure 4.

## **12. DEALING IN SECURITIES OF THE COMPANY:**

Directors are prohibited from dealing in the Company's securities during the period when the trading window is closed. Directors are prohibited from forward dealing in securities of the Company. Also they are expected to comply with the Company's 'Securities Dealing Code' as well as with the concerned provisions of the insider trading laws and regulations. The Company's 'Securities Dealing Code' has been enclosed with this letter as Annexure 5.

## **13. TRANSFER PRICING REGULATIONS:**

The Government had introduced certain provisions in the Income Tax Act to ensure that specific domestic transactions between related parties are done at Arm's Length. The Company has to report the prescribed domestic transactions to the income tax authorities for which we request you to give a list of persons/entities which are related to you as per the definition of 'related parties' given in the Domestic Transfer Pricing guideline attached with this letter as Annexure 6.

You may give us the specified transactions done by you or by your relatives or by entities as stated, on a quarterly basis, if you are aware of such transactions apart from annual disclosure in the 'Declaration under Domestic Transfer Pricing Rules' which is also enclosed with the above mentioned Annexure.

## **14. LIABILITY OF NON-EXECUTIVE DIRECTORS & INDEPENDENT DIRECTORS:**

Abiding by the provisions of the Act, we would like to mention that you being a non-executive independent director of the Company, will be held liable, only in respect of such acts of omission or commission which have occurred with your knowledge, attributable through Board processes, and with your consent or connivance or where you have not acted diligently.

## **15. DIRECTORS AND OFFICERS (D&O) LIABILITY INSURANCE:**

A Directors & Officers (D&O) Liability Insurance policy is an insurance cover to protect the individual directors and officers in respect of personal liabilities arising out of their unintentional wrongful acts, committed in the course of their official duty. These wrongful acts can be actual or alleged breach of duty, breach of trust,

neglect, error, misstatement, misleading statement, omission.

The Company has a D&O Policy with a limit of USD 90,000,000 and extends worldwide.

The policy covers individual Directors and Employees, outside entity directors, spouse & legal heir of the insured person and retired directors. The Company has a D&O Policy which covers the Company as well as all its Subsidiaries. Outside Entity Directors cover gives protection to those directors nominated on associate companies by the policy holder or its subsidiaries.

We have great pleasure in welcoming you on the Board and look forward to working closely with you.

Thanking You,

Yours faithfully,  
For **LARSEN & TOUBRO LIMITED**

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**S.N SUBRAHMANYAN**  
**CHAIRMAN & MANAGING**  
**DIRECTOR**  
**(DIN: 02255382)**

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**ACCEPTED**