

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.

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) CSR & Sustainability Committee
- e) Board 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. 75,000 per meeting of the Audit Committee, Nomination & Remuneration Committee and Board Risk Management Committee and Rs. 50,000 for meeting of the CSR & Sustainability 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, 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 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 Code of Conduct is available on our website.

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' is available on our website.

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 4.

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**

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

ACCEPTED

DECLARATIONS TO BE MADE ON APPOINTMENT

1. Details about the Director.
2. Consent Letter in Form DIR-2.
3. Disclosure of interest in Form MBP-1 with list of relatives and their PAN Numbers.
This disclosure shall be made by the director at the first meeting of the Board in every financial year or whenever there is any change in the disclosure already made.
4. Intimation in Form DIR-8.
5. Declaration of independence.
The independent director shall at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is a change in the circumstances which may affect his status as an independent director, give a declaration that he meets the criteria of independence.
6. Disclosure of chairmanship/membership in Board committees.
7. Disclosures required under Ind AS 24.

Form DIR-2
Consent to act as a DIRECTOR of the company

[Pursuant to Section 152(5) and rule 8 of Companies (Appointment and Qualification of Directors) Rules, 2014]

To

LARSEN & TOUBRO LIMITED
L&T HOUSE
BALLARD ESTATE
MUMBAI - 400001

Subject: Consent to act as DIRECTOR

I, _____, hereby give my consent to act as DIRECTOR of LARSEN & TOUBRO LIMITED, pursuant to sub-section (5) of section 152 of the Companies Act, 2013 and certify that I am not disqualified to become a DIRECTOR under the Companies Act, 2013.

SR. NO.	PARTICULARS	DETAILS
1.	Director Identification Number (DIN)	
2.	Name (in full)	
3.	Father's Name (in full)	
4.	Address	
5.	E-mail ID	
6.	Telephone/Mobile No.	
7.	Occupation	
8.	Date of Birth	
9.	Nationality	
10.	No. of companies in which I am already a Director and out of such companies the names of the companies in which I am a Managing Director, Chief Executive Officer, Whole time Director, Secretary, Chief Financial Officer, Manager	
11.	Particulars of Membership No. and Certificate of practice No. if the applicant is a member of any professional Institute. Specifically state NIL if none	

DECLARATION

i) I declare that I have not been convicted of any offence in connection with the promotion, formation or management of any company or LLP and have been not found guilty of any fraud or misfeasance or of any breach of duty to any company under this Act or any previous company law in the last five years. I further declare that if appointed my total Directorship in all the companies shall not exceed the prescribed number of companies in which a person can be appointed as a Director.

ii) I further declare that –

I am not required to obtain the security clearance from the Ministry of Home Affairs,
Government of India before seeking appointment as director; or

I am required to obtain the security clearance from the Ministry of Home Affairs,
Government of India before seeking appointment as director and the same has been
obtained and is attached.

Signature : _____

Date:

Place:

ATTACHMENTS:

1. PROOF OF IDENTITY

2. PROOF OF RESIDENCE

FORM MBP - 1

NOTICE OF INTEREST BY DIRECTOR

[Pursuant to section 184 (1) and rule 9(1)]

To
The Board of Directors
Larsen & Toubro Limited
L&T House,
Ballard Estate,
Mumbai – 400001

Dear Sir(s)

I, _____, son/daughter of _____, resident of _____ being a director in the company and holding _____ equity shares of Rs.2/- each (**NIL** % of the paid up capital) hereby give notice of my interest or concern in the following company or companies, bodies corporate, firms or other association of individuals:-

1. Annexure 1 – Nature of interest
2. Annexure 2 – List of relatives

PLACE:	SIGNATURE	
DATE :	NAME	

ANNEXURE I

Names of the Companies /bodies corporate/ firms/ association of individuals	Nature of interest or Concern / Change in Interest or Concern	Share holding	Date on which Interest or concern arose/ changed
A. Name of the companies (Public and Private)			
B. Bodies Corporate (Foreign Companies)			
C. Partnership Firms / Association of Individuals / LLP			
Name of the Entity		Share holding / (Contri bution)	Date on which Interest or concern arose/ changed
D. Sole Proprietary concerns			
Name of the Concern		Date of which Interest or concern arose / changed	
E. Relatives holding place of profit			
Name of the Relative		Position Held	

ANNEXURE -2**List of Relatives as per section 2 (77)**

RELATIVES	NAME OF RELATIVES	PAN
HUSBAND		
FATHER (INCLUDING STEP FATHER)		
MOTHER (INCLUDING STEP MOTHER)		
SONS (INCLUDING STEP SONS)		
SON'S WIFE		
DAUGHTERS (INCLUDING STEP DAUGHTERS)		
DAUGHTER'S HUSBAND		
BROTHER (INCLUDING STEP BROTHER)		
SISTER (INCLUDING STEP SISTER)		
MEMBERS OF A HINDU UNDIVIDED FAMILY		

FORM 'DIR-8'

INTIMATION BY DIRECTOR

[Pursuant to Section 164(1) or 164(2) and rule 14(1) of Companies (Appointment and Qualification of Directors) Rules, 2014]

Registration No. of Company	L99999MH1946PLC004768
Nominal Capital	
Paid up Capital	
Name of the Company	Larsen & Toubro Limited
Address of its Registered Office	L&T House, Ballard Estate, Mumbai – 400001, Maharashtra

To
THE BOARD OF DIRECTORS
Larsen & Toubro Limited

I, _____, son/daughter/wife of _____ resident of _____ proposed Director in the company hereby give notice that I am/ was a director in the following companies during the last three years:

Name of the Company	Date of Appointment	Date of Cessation

I confirm that I have not incurred disqualification under section 164(1) or section 164(2) of the Companies Act, 2013 in any of the above listed companies, in the previous financial year, and that I, at present, stand free from any disqualification from being a director.

OR

I confirm that I have incurred disqualifications

(a) under section 164(1) on the following ground(s) in the previous financial year; or

(b) under section 164(2) of the Companies Act, 2013 in the following company(s) in the previous financial year, and that I, at present stand disqualified from being a director.

<u>Name of the Company</u>	<u>Date of Appointment</u>	<u>Date of Cessation</u>
NONE		

Date:	Signature:	
Place:	Name: DIN:	

CERTIFICATE OF INDEPENDENCE

To
The Board of Directors
LARSEN & TOUBRO LIMITED
L&T HOUSE,
N.M MARG,
BALLARD ESTATE,
MUMBAI - 400001

Sub: Appointment as Independent Director

I, _____ certify that I am not disqualified from being appointed/continuing as an Independent Director of the Company. I further certify that -

(1) I am or was not a promoter of the company or its holding, subsidiary or associate company as may be applicable;

(2) I am not related to promoters or directors in the company, its holding, subsidiary or associate company as may be applicable;

(3) I have or had no pecuniary relationship other than remuneration as such director or any transaction not exceeding ten per cent of my total income or such amount as may be prescribed by law, with the Company, its holding, subsidiary or associate company, or their promoters, or directors, as may be applicable, during the two immediately preceding financial years or during the current financial year;

(4) None of my relatives:

- (i) holds any security of or interest in the Company exceeding fifty lakh rupees or two per cent. of the paid-up capital of the Company, its holding, subsidiary or associate company, as may be applicable, or such higher sum as may be prescribed by law, during the two immediately preceding financial years or during the current financial year;
- (ii) is indebted to the Company, its holding, subsidiary or associate company or their promoters, or directors, as may be applicable, in excess of fifty lakh rupees during the two immediately preceding financial years or during the current financial year;
- (iii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, as may be applicable, in excess of fifty lakh rupees during the two immediately preceding financial years or during the current financial year;
- (iv) has any other pecuniary transaction or relationship with the Company, or its subsidiary, or its holding or associate company, as may be applicable, amounting to two per cent or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii) above

(5) I, neither myself nor any of my relatives—

(i) hold/s or have held the position of a key managerial personnel or is or have been an employee (excluding my relative) of the Company or its holding, subsidiary or associate company, as may be applicable, in any of the three financial years immediately preceding the financial year:

(ii) is or have been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year of—

(a) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company, as may be applicable; or

(b) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company, as may be applicable amounting to ten per cent or more of the gross turnover of such firm;

(iii) together with my relatives hold two percent or more of the total voting power of the company; or

(iv) is a Chief Executive or Director, by whatever name called, of any nonprofit organisation that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company, as may be applicable or that holds two per cent or more of the total voting power of the company;

(6) I am not a material supplier, service provider or customer or a lessor or lessee of the company.

(7) I am not aware of any circumstance or situation which exists or may be reasonably anticipated that could impact or impair my ability to discharge my duties with an objective independent judgement and without any external influence.

(8) I confirm that my name is registered with ~~/I have applied for inclusion of my name~~ to the Indian Institute of Corporate Affairs, Manesar ("IICA") in their databank for lifetime, as required under Rule 6(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014.

Name of the Director
(DIN:)

Date:

Place:

OBLIGATIONS OF DIRECTORS AND SENIOR MANAGEMENT
NOTICE BY DIRECTOR
[Pursuant to Clause 26(2) of the SEBI LODR Regulations]

The Board of Directors
LARSEN & TOUBRO LIMITED
L&T House,
Ballard Estate,
Mumbai – 400 001

Dear Sirs,

I, _____, son/daughter of _____, resident of _____, hereby give notice that I am the Chairperson / Member of the following committees:-

A. Particulars of the Committees in which I am the **Chairman:-**

<u>Names of the Committees</u>	<u>Name of the Company</u>

B. Particulars of the Committees in which I am a **Member:-**

<u>Name of the Committees</u>	<u>Name of the Company</u>

Place:

Date:

Signature: _____

Name:

DISCLOSURE UNDER IND AS -24

(a) List of enterprises over which I exercise control (Other than L&T group Companies):

Name of the Company	Please specify the nature of Control

(a) List of enterprises over which my relatives (as defined) exercise control:

Name of the Company	Name of the Relative and relationship	Please specify the nature of Control

PLACE:	SIGNATURE	
DATE:	NAME DIN	

COMMITTEES OF THE BOARD

The Company has the following Committees constituted duly under the provisions of the Companies Act, 2013 and the SEBI LODR Regulations as applicable to it –

• **Audit Committee:**

The Audit Committee meets at regular intervals and carries out its role which include the following –

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment, terms of appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing, with the management, the annual financial statements and the audit report before submission to the board for approval, with particular reference to:
 1. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of sub-section (5) of Section 134 of the Companies Act, 2013
 2. Changes, if any, in accounting policies and practices and reasons for the same
 3. Major accounting entries involving estimates based on the exercise of judgment by management
 4. Significant adjustments made in the financial statements arising out of audit findings
 5. Compliance with listing and other legal requirements relating to financial statements
 6. Disclosure of any related party transactions
 7. Modified opinion(s) in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential

issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter, if any.

- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors about any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower mechanism.
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate, if any.
- The recommendation for appointment, remuneration and terms of appointment of secretarial auditors of the Company.
- The recommendation for appointment, remuneration and terms of appointment of cost auditors of the Company.
- Review and monitor the auditor's independence and performance, and effectiveness of audit process.
- Review the management discussion and analysis of financial condition and results of operations.
- Approval or any subsequent modification of transactions of the Company with related parties.
- Reviewing the utilization of loans and/ or advances from/investment in the subsidiary companies exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments
- Valuation of undertakings or assets of the company, wherever it is necessary.

- Evaluation of internal financial controls and risk management systems.
 - Monitoring the end use of funds raised through public offers and related matters.
 - Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
 - Consider and comment on rationale, cost benefit and impact of Schemes involving mergers, demerger, amalgamation etc on the entity and its shareholders.
- **Nomination & Remuneration Committee:**

The Nomination & Remuneration Committee (N&R) meets at regular intervals. The terms of reference of the N&R Committee are –

- Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down by the Committee;
 - Recommend to the Board appointment and removal of such persons or extension of term of Independent Directors;
 - Devise a policy on Board diversity;
 - Formulation of criteria for evaluation of directors, Board, Chairman & MD and the Board Committees;
 - Carry out evaluation of the Board and directors;
 - Administration of Employee Stock Option Scheme (ESOS).
 - Recommend to the Board a policy, relating to remuneration for the Directors, Key Managerial Personnel (KMP) and senior management.
- **Stakeholders' Relationship Committee:**

The Stakeholders' Relationship (SR) Committee plays the following role –

- Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the company for reducing the quantum of unclaimed dividends and ensuring timely receipt

of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

- Review of Investor Relation activities.
- Resolving grievances of debenture holders related to creation of charge, payment of interest/principal, maintenance of security cover & any other covenants.

- **CSR & Sustainability Committee:**

A. Corporate Social Responsibility:

- i. Formulate and recommend to the Board a Corporate Social Responsibility Policy and suggest any changes thereto.
- ii. Provide guidance for the development of annual CSR Action Plan.
- iii. Recommend the CSR annual budget to the Board for approval.
- iv. Monitor the implementation of the CSR Action Plan of the Company from time to time; and
- v. Identify and recommend to the Board the CSR projects that will qualify to be ongoing projects.

B. Sustainability:

- i. Formulate and recommend to the Board a Sustainability Policy and suggest any changes thereto.
- ii. Provide guidance for the development of the long-term Sustainability Plan; and
- iii. Monitor the implementation of the Sustainability Plan of the Company from time to time.

- **Board Risk Management Committee:**

The Board Risk Management Committee ("the Committee" or "BRMC") of the Company has been duly constituted as per the provisions of Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The terms of reference of the Committee are as follows:

- Reviewing the existing Risk Management Policy, framework and processes, Risk Management Structure and Risk Mitigation Systems. Broadly, the key risks will cover strategic risks of the group at the domestic and international level, including Sectoral developments, risk related to

market, competition, political and reputational issues, Environment, Social and Governance (ESG) risks, etc.

- Evaluate risks related to cyber security.

ABOUT THE COMPANY

ORGANISATION STRUCTURE OF THE COMPANY:

The Company is a USD 18 billion technology, engineering, construction, manufacturing and financial services conglomerate, with global operations. The group consists of 100 subsidiaries, 7 associates. The Company's facilities for design, engineering, manufacture and modular fabrication are based at multiple locations within India including Ahmednagar, Bengaluru, Chennai, Coimbatore, Faridabad, Hazira (Surat), Katupalli (Ennore), Raigad, Kanchipuram, Navi Mumbai, Mumbai, Mysuru, Pithampur, Puducherry, Rajpura, Kansbahal (Rourkela), Talegaon and Vadodara. L&T's international manufacturing footprint covers the Gulf (Oman, Saudi Arabia, UAE), South East Asia (Malaysia, Indonesia) and UK. The Company also has an extensive network of offices in India and around the globe.

The organisation structure of the Company is attached herewith.

CORPORATE GOVERNANCE IN THE COMPANY:

A. The Governance Structure

The Company has four tiers of Corporate Structure viz.:

- (i) **Strategic Supervision** – by the Board of Directors comprising the Executive, Non-Executive and Independent Directors.
- (ii) **Executive Management** – by the Executive Committee (ECom) comprising the Chairman and Managing Director, all Executive Directors and identified senior leaders.
- (iii) **Strategy & Operational Management** – by the Independent Company Management Leadership Team of each Independent Company (IC) (not legal entities) comprising representatives from the Company's Board (wherever applicable) and Senior Executives from the IC.
- (iv) **Operational Management** – by the Business Unit (BU) Heads.

The four-tier governance structure, besides ensuring greater management accountability and credibility, facilitates alignment with L&T overall strategy besides increased autonomy to the businesses, performance discipline and development of business leaders.

B. Roles of various constituents of Corporate Governance in the Company:

i. Board of Directors ("the Board"):

The Directors of the Company hold fiduciary responsibility, entrusted with the oversight of management to ensure their effectiveness and enhancement of stakeholders' value. The Board, inter-alia, offers strategic guidance, evaluates the performance of the group and approves management's business objectives and plans.

ii. Executive Committee (ECom):

The ECom serves as a pivotal entity for conducting comprehensive reviews of company-wide operations. It plays a crucial role in enhancing the connections between the Independent Companies (ICs) and the Company's Board.

Furthermore, ECom is instrumental in optimizing the synergies between various ICs. It also engages in thorough deliberations on strategic and tactical issues that span across the ICs and the Corporate level, ensuring a cohesive approach to addressing cross-functional challenges. The agenda includes:

- Review of major order prospects (Standalone/ Group) / "Integrated offerings";
- Review of consolidated financials including working capital, cash flow, capital structure, etc.;
- Review of Monthly / Quarterly / Yearly financial performance;
- Review of Revenue, Capital & Manpower Budget and performance thereagainst;
- Review and discuss strategic issues which impact the entire organization, viz.,
 - (i) International business expansion
 - (ii) Technology reviews and partnerships
 - (iii) IC synergies
 - (iv) HR Update/ Talent Management / Service contract extensions for senior management personnel / Leadership development and succession planning
 - (v) Digital Transformation Projects
 - (vi) ESG Matters
 - (vii) Review of brand management
 - (viii) Risk Management
- Approval of Company policies;
- Strategic plans & investments and business portfolio reviews; and

- Sharing of best practices, etc.

iii. The Chairman & Managing Director:

The Chairman & Managing Director (CMD) holds full accountability to the Board for the comprehensive aspects of the Company's operations. This includes spearheading business development initiatives, ensuring operational excellence, achieving business results, and fostering leadership development. The CMD's responsibilities extend to all related areas necessary for the Company's success and growth.

iv. Executive Directors / Senior Management Personnel:

The Executive Directors, as integral members of the Board, alongside the Senior Management Personnel within the Executive Committee, play a pivotal role in steering the strategic management of the Company's businesses. They operate within the direction and framework sanctioned by the Board, ensuring alignment with the organization's overarching objectives. Their responsibilities encompass management of both business and corporate functions, which includes overseeing governance processes and enhancing the effectiveness of top management. This collective leadership ensures that the Company's strategic initiatives are executed efficiently and align with its long-term vision and goals.

Senior Management Personnel means all members of management one level below the Executive Directors including the Company Secretary. Presently, persons in Senior Vice President grade and F&A heads of ICs reporting to Whole-time Directors are covered as Senior Management Personnel.

v. Non-Executive Directors (NED) / Independent Directors:

The Non-Executive Directors and Independent Directors play an essential role in bringing balance to the Board's processes. Their independent judgment is crucial on a range of issues including strategy, performance, resource allocation, standards of conduct and safety. Moreover, they contribute valuable insights and inputs that enhance the Board's decision-making capabilities.

vi. Independent Companies:

The Company has a Hybrid Holdco Structure comprising 'Independent Companies' (ICs) (not legal entities).

Each IC is governed by an IC Management Leadership Team led by an Executive Director or Senior Executive. The IC Management Leadership Team, inter alia, oversees:

- Implementation of Lakshya i.e. the Company's strategic plan
- Leadership pipeline/ succession planning
- Revenue, capital and manpower budget
- Quarterly operational and financial performance of each BU and segment.
- Order prospects and order pipeline.
- ESG matters and Risk assessments, as necessary
- Resolution of critical issues faced by the IC.

INTERNAL FRAMEWORKS:

The Company has the following internal frameworks for smooth functioning –

Risk Management Framework:

The Company has in place mechanism to inform Board members about the risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly defined framework.

Internal controls:

The Company has an internal control system commensurate with the size and complexity of the business. Continuous review of internal control efficacy is carried out in all business segments of the Company in view of the changing business structure and increased focus on international operations. The Corporate Policy on Internal Control provides a structured framework for identification, rectification, monitoring and reporting of internal control weaknesses in the Company. Independent professional firms are engaged periodically to review the various internal control processes.

Statutory Compliance System:

The Company has in place system to ensure compliance with applicable laws, rules and regulations. These comprise of Central and State Acts / Rules where the Company carries on business. The list of applicable laws is reviewed by an External Consultant along with the Legal & Finance & Accounts functions of each Business.

The Company has a web-based portal known as "iCompliance portal", which enables to monitor the regulatory compliance performance, remediation plans for non-

conformities. This portal also helps to maintain updated list of applicable laws and compliance checklist(s) which are monitored & tracked through the portal.

The Company Secretary & Compliance Officer places a statutory compliance certificate before the Board on a quarterly basis. This certificate is given on the basis of compliance certificates received from IC Heads/ Corporate Department Heads through the 'iCompliance Portal' affirming compliance of all applicable laws for their respective IC's/Department. The statutory compliance status is reviewed by Corporate Secretarial Department at periodic intervals.

Transactions with Related Parties

The Union Budget 2017 has proposed certain amendments in the Income Tax Act (IT Act) with effect from April 1, 2016, to ensure that expenses or payments to related parties are at Arm's Length Price (ALP). An ALP is a price, where transactions are entered into by a company with third parties, without the influence of the relation between the parties. The expenses or payments must not be excessive or unreasonable as regards the fair market value of the goods, services or facilities for which the payment is made. If these payments are excessive or unreasonable, then expenditure as considered by the Assessing Officer to be unreasonable or excessive will not be allowed as a deduction to the company.

The related parties for a company are –

1. Company's Directors
2. Relatives of Directors
3. Entities (proprietary concern, partnership firm, Limited Liability Partnership, Association of Person, Body of Individual, Private Limited company, Public Limited company) in which **1 or 2 above holds 20% or more stake / beneficial interest.**
4. Subsidiaries & associate companies
5. Holding company
6. Subsidiaries & associate companies of Holding company

Further, "relative" has been defined in Sec. 2(41) of the Income Tax Act as follows:

"Relative", in relation to an individual means the husband, wife, brother or sister or any lineal ascendant or descendant of that individual.

We reiterate that Sec. 40A(2) will cover payments made to a Director or to his/her relative or to entities in which either the Director or his/her relative is holding 20% or more beneficial interest / stake.

For facilitating this reporting by the Company, we request the Directors to give a list of persons/ entities as stated under item 3 under 'related parties' referred above. The Directors have already given a list of relatives to the Company. You may give us the

specified transactions done by you or by your relatives or by entities as stated above with the Company, on a quarterly basis, if you are aware of such transactions. The Company will also monitor such transactions from its books.

In case the payments made are considered to be excessive or unreasonable, the deduction for the same will not be allowed.

Formats of disclosure are attached.

DECLARATION FOR TRANSACTIONS WITH RELATED PARTIES

I, _____, Director of Larsen & Toubro Limited, to the best of my knowledge, belief and understanding, confirm that –

- I/ My relatives (as listed in the annexure - I)
- the entities in which I/ my relatives hold 20% or more beneficial interest (as listed in annexure – II)

have entered into the following transactions with Larsen & Toubro Limited as per the details given below:

Date	Particulars	Reference No	Amount

OR

I, _____, Director of Larsen & Toubro Limited, to the best of my knowledge, belief and understanding, confirm that –

- I/ My relatives (as listed in the annexure - I)
- the entities in which I/ my relatives hold 20% or more beneficial interest (as listed in nnexure – II)

have not entered into any transactions, with Larsen & Toubro Limited as defined under the Income-Tax Act, 1961

Signature: _____

Name:

(DIN: _____)

Place:

Date:

Note: delete whichever is not applicabl

Annexure - I**List of relatives**

Relation	Name	PAN of the relative
WIFE/HUSBAND		
FATHER		
MOTHER (INCLUDING STEP MOTHER)		
SONS (INCLUDING STEP SONS)		
DAUGHTERS (INCLUDING STEP DAUGHTERS)		
FATHER'S FATHER		
FATHER'S MOTHER		
MOTHER'S FATHER		
MOTHER'S MOTHER		
SON'S SON		
SON'S DAUGHTER		
DAUGHTER'S SON		
DAUGHTER'S DAUGHTER		
BROTHER (INCLUDING STEP BROTHER)		
SISTER (INCLUDING STEP SISTER)		
SISTER (INCLUDING STEP SISTER)		

Annexure - II

List of entities in which I/ My relatives (as per Annexure I) hold 20% or more beneficial interest

[illegible]