

L&T Finance Limited
(formerly known as L&T Finance Holdings Limited)

**Information required to be disclosed under Regulation 14 of Securities and
Exchange Board of India (Share Based Employee Benefits and Sweat Equity)
Regulations, 2021, as amended from time to time.**

A.	Relevant disclosures in accordance with 'Indian Accounting Standard 102- Share based payment' as notified by the Ministry of Corporate Affairs including the 'Guidance note on accounting for employee share based payments'.	Refer Note No. 1 of Annexure A		
B.	Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with 'Indian Accounting Standard 33 – Earning per share' as notified by the Ministry of Corporate Affairs	Refer Note No. 2 of Annexure A		
C.	Details related to ESOS			
	Sr. No.	Particulars	ESOP Scheme 2010	ESOP Scheme 2013
	(i)	A description of each ESOP that existed at any time during the year, including the general terms and conditions of each ESOP, including –		
	a)	Date of shareholders' approval	November 29, 2010	April 4, 2014
	b)	Total number of options approved under ESOP	3,42,95,232	5,15,84,661
	c)	Vesting requirements	Vesting will commence one year after the date of grant at the rates given below or at such other rates as may be fixed by the Nomination & Remuneration Committee and may extend upto four years from the date of grant, unless otherwise varied in accordance with the Rules.	Vesting will commence two years or one year after the date of grant and may extend up to four years from the date of grant as the case may be. The percentage of vesting each year shall be at the rates decided by the Management.
	d)	Exercise price or pricing formula	The exercise price for the purposes of the grant of Stock Options will be as per terms & conditions decided by the Board and / or Nomination & Remuneration Committee at the time of respective grant of Stock Options, but at a price not below the face value of the equity share and not exceeding the market price as per the SEBI Regulations.	
	e)	Maximum term of options granted	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.	Eight years (96 months) from the date of grant or Three years (36 months) from the date of retirement/death whichever is earlier.
	f)	Source of shares (primary, secondary or combination)	Primary	Primary

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	g) Variation in terms of options	N.A.	N.A.
	(ii) Method used to account for ESOP – Intrinsic or fair value.	Fair Value	

(iv) Option movement during the year (For each ESOS):			
	Particulars	ESOP Scheme 2010	ESOP Scheme 2013
	Number of options outstanding at the beginning of the period	5,63,750	2,75,38,744
	Number of options granted during the year	--	67,41,444
	Number of options forfeited / lapsed during the year*	--	32,49,742
	Number of options vested during the year	78,750	40,28,642
	Number of options exercised during the year	4,98,750	87,70,443
	Number of shares arising as a result of exercise of options	4,98,750	87,70,443
	Money realized by exercise of options (₹), if scheme is implemented directly by the Company	1,75,02,187.50	40,75,92,940.98
	Loan repaid by the Trust during the year from exercise price received	N.A.	N.A.
	Number of options outstanding at the end of the year	65,000	2,22,60,003
	Number of options exercisable at the end of the year	65,000	1,13,32,467
(v)	Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Weighted-average exercise prices – ₹ 10 Weighted-average fair values – ₹ 118.74	
(vi)	Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to – a) Key Managerial Personnel and Senior managerial personnel; b) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year: and c) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	Please refer to Annexure B None None	
* Options lapsed during the year on account of resignation of the employee			
(vii)	A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:	Weighted average exercise price – ₹ 10, Weighted average share price – ₹ 131.38, Expected volatility – 36.53% Calculated	

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	<p>a) the weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model;</p> <p>b) the method used and the assumptions made to incorporate the effects of expected early exercise;</p> <p>c) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and</p> <p>d) whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.</p>	<p>by using the closing market prices of the Company's Shares during the last one year. Expected life – Full life of the option is the period up to which it can be exercised. Expected dividends – Yield has been calculated on the basis of dividend yield of the financial year. Risk-free interest rate – This is the rate offered in the market with virtually zero risk. Normally the yield of Government backed securities with maturity similar to that of the option is taken into consideration.</p> <p>As decided by the Management in case of Retirement and Death of an employee.</p> <p>Expected volatility is based on the historical volatility of the Company shares price applicable to the expected life of each option.</p> <p>The price of underlying shares in market at the time of option grant – closing market price, on previous trading day on which the options are granted, on the Stock Exchange where the volume of shares traded is more.</p>
	<p>Disclosures in respect of grants made in three years prior to IPO under each ESOP</p> <p>Until all options granted in the three years prior to the IPO have been exercised or have lapsed, disclosures of the information specified above in respect of such options shall also be made.</p>	<p>Not Applicable</p>

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Annexure A

1. Stock option scheme

- a) The Company has formulated Employee Stock Option Schemes 2010 (ESOP Scheme-2010) and 2013 (ESOP Scheme 2013). The grant of options to the employees under the stock option schemes is on the basis of their performance and other eligibility criteria. The options allotted under the scheme 2010 are vested over a period of four years in the ratio of 15%, 20%, 30% and 35% respectively from the end of 12 months from the date of grant, subject to the discretion of the management and fulfillment of certain conditions. The options granted under the scheme 2013 are vested in a graded manner over a period of four years with 0%, 33%, 33% and 34% of grants vesting each year, commencing from the end of 24 months from the date of grant or w.e.f. July 10, 2019 vested in a graded manner over a period of four years with 25%, 25%, 25% and 25% of grants vesting each year, commencing from the end of 12 months from the date of grant.
- b) Options allotted under scheme 2010 can be exercised anytime within a period of 7 years from the date of grant and would be settled by way of equity. The option granted under scheme 2013 can be exercised anytime within a period of 8 years from the date of grant. Management has discretion to modify the exercise period.
- c) The option granted under scheme 2010 is at exercise price of ₹ 44.20. The option granted under scheme 2013 can be exercised either at market price which was the last closing price on National stock exchange preceding the date of grant or w.e.f. July 10, 2019 ₹ 10 respectively.
- d) During the year ended March 31, 2024, 498,750 and 87,70,443 options were allotted under the scheme 2010 and 2013 respectively.
- e) The details of the grants are summarised below:

Sr. No.	Particulars	ESOP Scheme 2010		ESOP Scheme 2013	
		2023-24	2022-23	2023-24	2022-23
1	Options granted and outstanding at the beginning of the year	563,750	9,48,250	2,75,38,744	2,16,22,255
2	Options granted during the year	0		67,41,444	
3	Options cancelled/ lapsed during the year	0	1,88,000	32,49,742	80,02,047
4	Options exercised during the year	498,750	1,96,500	87,70,443	54,39,129
5	Options granted and outstanding at the end of the year of which –				
	- Options vested	65,000	4,85,000	1,13,32,467	1,83,45,892
	- Options yet to vest	0	78,750	1,09,27,536	91,92,852
6	Weighted average remaining contractual life of options (in years)	0.75	2.81	4.18	4.78

- f) During the year, the Company has debited to the Statement of Profit and Loss ₹ 38.01 crore (Previous year ₹ 25.74 Crore) {net of recovery/(payment) from/to its subsidiary companies during the year ₹ (0.16) Crore (Previous year: ₹ (0.09) Crore)} towards the stock options granted to their employees, pursuant to the employee stock option schemes.

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- g) Weighted average fair values of options granted during the year is ₹ 118.74 Crore (previous year: ₹ 69.48) per options.
- h) The Fair value has been calculated using the Black-Scholes Option Pricing Model and the significant assumptions and inputs to estimate the fair value of options granted during the year are as follows:

Sr. No.	Particulars	2023-24	2022-23
a)	Weighted average risk-free interest rate	7.20%	6.65%
b)	Weighted average expected life of options	2.77 years	2.75 years
c)	Weighted average expected volatility	36.53%	39.16%
d)	Weighted average expected dividends	₹ 5.54 per option	₹ 2.66 per option
e)	Weighted average share price	₹ 131.38 per option	₹ 79.87 per option
f)	Weighted average exercise price	₹ 10.00 per share	₹ 10.00 per share
g)	Method used to determine expected volatility	Expected volatility is based on the historical volatility of the Company shares price applicable to the expected life of each option.	

2. Basic and Diluted Earnings per share [EPS] computed in accordance with Indian Accounting Standard (Ind AS) 33 “Earnings per Share”:

Particulars		2023-24	2022-23
Basic			
Profit after tax (₹ Crore)	A	2,286.23	1,919.87
Weighted average number of equity shares outstanding	B	2,48,43,28,659	2,47,68,83,662
Basic EPS before and after extraordinary items (₹)	A/B	9.20	7.75
Diluted			
Profit after tax (₹ Crore)	A	2,286.23	1,919.87
Weighted average number of equity shares outstanding	B	2,48,43,28,659	2,47,68,83,662
Add: Weighted average no. of potential equity shares on account of employee stock options	C	99,47,132	83,44,407
Weighted average number of shares outstanding for diluted EPS	D=B+C	2,49,42,75,791	2,48,52,28,068
Diluted EPS before and after extraordinary items (₹)	A/D	9.17	7.73
Face value of shares (₹)		10.00	10.00

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Annexure B

Details of options granted to Key Managerial Personnel (“KMP”) and Senior Management Personnel (“SMP”) during FY2023-24

Sr. No.	Names of KMP/SMP	Designation	Units granted
1	Sudipta Roy	Managing Director & CEO	6,00,000
2	Sachinn Joshi	Chief Financial Officer	4,74,294
3	Apurva Rathod	Company Secretary	2,12,008
4	Raju Dodti	Chief Operating Officer	4,74,294
5	Abhishek Animesh Sharma	Chief Executive - SME Finance	4,74,294
6	Sonia Krishnankutty	Chief Executive - Rural Business Finance	2,91,511
7	Asheesh Goel	Chief Executive Officer - Farmer Finance	1,32,505
8	Rupa Rege Nitsure ⁽¹⁾	Chief Economist	1,59,006

⁽¹⁾ Ceased to be a SMP w.e.f. April 1, 2024 pursuant to superannuation. Hence, grant lapses post her superannuation and reverts back to the company pool as per policy.

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