



Employee Stock Option Scheme 2016

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L&T TECHNOLOGY SERVICES LIMITED

**Record of Release**

Version No.	Prepared by	Reviewed by	Authorized by	Release Date	Remarks
1.1	Ankita Gawankar	P. Ramakrishnan	Board of Directors	January 21, 2016	
1.2	Ankita Gawankar	Prasad Shanbhag	Board of Directors and Shareholders	January 18, 2026	



L&T Technology Services Limited

EMPLOYEE STOCK OPTION SCHEME 2016 (ESOP SCHEME - 2016)

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 - 2016 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 - 2016:

Means this ESOP Scheme – 2016 and includes any amendments, modifications or additions thereto, that may be made from time to time.

B) Board & Committee:

Means the Board of Directors of the Company. For the purpose of this ESOP Scheme – 2016, references to the Board shall, where the context requires, include the Nomination & Remuneration Committee of the Board (constituted in accordance with Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, to administer this ESOP Scheme – 2016 and having such powers as stated in Part B of Schedule I of the Regulations read with this ESOP Scheme – 2016 and the Rules thereunder), as approved by the shareholders in the extraordinary general meeting held on January 21, 2016.

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 - 2016.



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 - 2016 within the Exercise Period, on which the Employee applies for exercise of the Options vested in him to the Company, in accordance with the Regulations.

F) Eligibility:

All permanent employees (including Executive Directors and Non-Executive Directors but excluding the Independent Directors) of the Company and its subsidiaries or the holding company or an associate company on the date of Grant, including new joinees, as may be decided by the Board, would be eligible for the ESOP Scheme - 2016

The employees of Subsidiary / Holding Company / Associate Companies which have implemented a Stock Option Scheme will not be eligible for this ESOP Scheme – 2016, unless otherwise decided by the Board.

Employees transferred or deputed to an associate company, subsidiary company or the holding company will also be eligible, as may be decided by the Board.

Employees holding 10% of the outstanding share capital of the Company's equity share capital at any time after the commencement of this ESOP Scheme – 2016 will not be eligible for grant of Options.

An Employee who is a promoter or a person belonging to the promoter group; and Director, who either himself or through his relative or through any body corporate, directly or indirectly, holds more than 10% of the outstanding equity shares of the Company, 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:

Means the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 as amended from time to time, issued by Securities and Exchange Board of India under Section 11 of the Securities and Exchange Board of India Act, 1992 and the relevant provisions of the Companies Act, 2013.

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 - 2016, at the time and in the manner specified in the ESOP Scheme - 2016.

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 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 buyback, or split / consolidation, the Grant, whether vested or unvested, shall be adjusted by applying appropriate factor. In this regard, the following shall, *inter alia*, be taken into consideration by the Board:

- the number and Exercise Price of Options shall be adjusted in a manner such that total value to the Employee of the Options remains the same after the corporate action.



- the Vesting Schedule and the life of the Options shall be left unaltered as far as possible to protect the rights of the Employee(s) who is granted such Options.

K) Management:

The Corporate Management of the Company comprising of the Chief Executive Officer & Managing Director(s) and the Whole-time Director(s)

L) Performance Year:

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

M) Termination Date¹

The date when all Options which are operating under the Scheme have been fully exercised or until its termination by the Board, whichever is earlier.

Provided that where the different termination date(s) have been provided for one or more sub plans adopted under the ESOP Scheme – 2016, the termination date in terms of the relevant sub-plan shall be the date specified under such relevant sub-plan approved by the Board.

N) 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 – 2016, as amended from time to time.

¹ Substituted with effect from January 18,2026 - "The termination date is No options shall be granted under the Scheme after the 10th anniversary of the later of the date this Scheme is adopted by the Board or it is approved by the shareholders. However, unless otherwise expressly provided in the Scheme, any option granted prior to such termination, and the authority of the Board to amend, alter, adjust, suspend, discontinue, or terminate any such option or to waive any conditions or rights under such option, shall extend beyond such termination date."

**3. GRANT OF OPTIONS:**

The number of Options to be granted to each Employee would be as decided by the Board, provided that the total number of options that may be granted to Employees under the ESOP Scheme – 2016 and sub plans adopted under the ESOP Scheme – 2016 shall not be more than 8% of the paid equity share capital of the Company as on April 1, 2016.

4. VESTING SCHEDULE:

Vesting will commence one year after the date of Grant (the date on which the Board approves the grant to the Employee, in accordance with the Regulations) at the rate of 20% 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. For avoidance of doubt, no Options shall vest prior to completion of 1 (one) year from the date of Grant, except in case of occurrence of death / permanent incapacity of an Employee, while in employment with the Company, including any Subsidiary Company / Holding Company / Associate Company, as the case may be.

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 6 years from the date of first vesting or 3 years (36 months) from the date of retirement / death, whichever is earlier, subject to change as may be approved by the Board.

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. All other grants, if unvested for any reason whatsoever, shall be deemed lapsed. The Employee has to exercise the vested Options within a period of 90 days from the last date of employment or such other period as may be decided by the Board at the time of such separation.

9. RETIREMENT:

- a) For Options where the minimum vesting period of 1 (one) year has been fulfilled prior to the date of retirement of the Employee, on retirement, all unvested Options will accelerate and vest in the Employee immediately, as of / prior to the date of retirement.

However, for Options where the minimum vesting period of 1 (one) year has not been fulfilled prior to the date of retirement of the Employee, such Options may continue to vest in accordance with the respective Vesting Schedules (even after such retirement or superannuation), till 1 (one) year from the date of Grant, after which, all remaining / balance unvested Options held by the Employee shall accelerate and vest immediately.

- b) Retirement of Non-Executive Directors (NED): The Retiring Age for Non-Executive Directors shall be 75 years (or as may be decided by the Board), on the attainment of which all the unvested Options where the minimum vesting period of 1 (one) year has been fulfilled prior to the date of retirement of the NED shall accelerate and vest with them as of / prior to the date of retirement. However, for Options where the minimum vesting period of 1 (one) year has not been fulfilled prior to the date of retirement of the NED, such Options may continue to vest in accordance with the respective Vesting Schedules (even after such retirement), till 1 (one) year from the date of Grant, after which, all remaining / balance unvested Options held by the NED shall accelerate and vest immediately.
- c) Voluntary Retirement / Pre-mature Retirement: The Employee will Exercise only the vested Options (which have vested prior to / as of the date of retirement, including any Options which accelerate and vest prior to / as of the date of retirement) within a period of 180 days from



the last date of employment. All unvested Options will lapse, unless otherwise determined by the Board. The Board will have the discretion to accelerate the vesting of the unvested Options where the minimum vesting period of 1 (one) year has been fulfilled prior to the date of retirement of the Employee in deserving cases and where the employee has crossed the age of 55 years prior to / as of the date of retirement. Further, for Options where the minimum vesting period of 1 (one) year has not been fulfilled prior to the date of retirement of the Employee, such Options may continue to vest in accordance with the respective Vesting Schedules (even after voluntary retirement / premature retirement), till 1 (one) year from the date of Grant, after which, all remaining / balance unvested Options held by the Employee shall accelerate and vest immediately.

In case of retirement, the Employee has to exercise the Options (including any Options which vest after the date of retirement) 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, regardless of fulfillment of the minimum vesting period of 1 (one) year.

The nominee/s or surviving nominee/s or legal heir/s, as the case may be, has to exercise the Options within a period of 3 (three) years from the date of death or such other period as may be decided by the Board.

11. PERMANENT INCAPACITY:

In the event of permanent incapacity of the Employee, all unvested Options will vest in the Employee immediately, regardless of fulfillment of the minimum vesting period of 1 (one) year.

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.²

² Omitted with effect from January 18,2026- Clause on Termination of the ESOP Scheme – 2016. The ESOP Scheme-2016 shall terminate on the Termination Date, in accordance with Section 25102(o) of the California Corporate Securities Law of 1968.



The Board will frame necessary Rules for the implementation of the ESOP Scheme - 2016. The Scheme should be read in conjunction with the Rules.

The decision of the Board on all issues under the ESOP Scheme – 2016 shall be final and binding on all parties.

No clause of the ESOP Scheme – 2016 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 – 2016.

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