

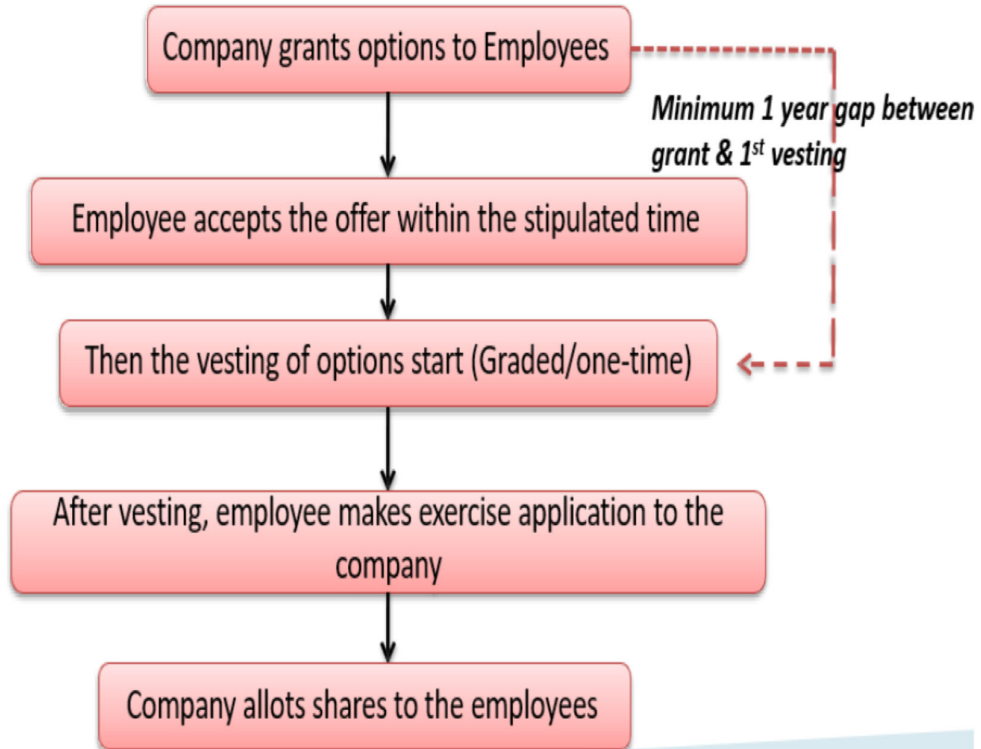


S.No.		ESOP	Sweat Equity
1.	Meaning	<p>“employees’ stock option” means the option given to the Directors, officers or employees of a company or of its holding company or subsidiary company or companies, if any, which gives such Directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the company at a future date at a pre-determined price</p>	<p>“sweat equity shares” means such equity shares as are issued by a company to its Directors or employees at a discount or for consideration, other than cash, for providing their know-how or making available rights in the nature of intellectual property rights or value additions, by whatever name called</p>
2.	Eligibility	<p>ESOPs can be granted to:</p> <p>(a) a permanent employee of the company who has been working in India or outside India; or (b) a director of the company, whether a whole-time director or not but excluding an independent director; or (c) an employee as defined in above point (a) or (b) of a subsidiary, in India or outside India, or of a holding company of the company</p> <p>Person not eligible for ESOP:</p> <p>(i) an employee who is a promoter or a person belonging to the promoter group; or (ii) a 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.</p> <p>Exemptions for startup:</p> <p>In case of a startup company, as defined in notification number 3[G.S.R. 127(E), dated 19th February, 2019 issued by the Department for Promotion of industry and Internal Trade], Ministry of Commerce and Industry Government of India, Government of India, the conditions for non-eligibility mentioned above shall not apply upto 10 years from the date of its incorporation or registration as startup.</p>	<p>Sweat equity can be issued to:</p> <p>(a) a permanent employee of the company who has been working in India or outside India ; or (b) a director of the company, whether a whole time director or not; or (c) an employee or a director as defined in point (a) or (b) above of a subsidiary, in India or outside India, or of a holding company of the company</p> <p>No restriction on issue of sweat equity shares employee who is a promoter or a person belonging to the promoter group or to a 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.</p>
3.	Consideration for shares	The consideration has to be paid in cash in accordance with the exercise price.	Shares can be issued with or without consideration
4.	Lock-in period	Not Specified as such	The sweat equity shares issued to directors or employees shall be locked in/non-transferable for a period of 3 years from the date of allotment



5.	Pricing Guidelines	There is no pricing guideline defined for issuance or grant of ESOPs.	<p>The sweat equity shares to be issued shall be valued at a price determined by a registered valuer as the fair price giving justification for such valuation.</p> <p>The valuation of intellectual property rights or of know how or value additions for which sweat equity shares are to be issued, shall be carried out by a registered valuer, who shall provide a proper report addressed to the Board of directors with justification for such valuation.</p>
6.	Restrictions on Issue of shares	Company has no such restrictions in issuance or grant of ESOPs	<p>The company shall not issue sweat equity shares for more than 15% of the existing paid up equity share capital in a year or shares of the issue value of Rs. 5 crores, whichever is higher.</p> <p>However, the issuance of sweat equity shares in the Company shall not exceed 25%, of the paid up equity capital of the Company at any time</p>
7.	Vesting requirements	<p>Step 1: Grant of ESOP to employees Step 2: Minimum Vesting period of 1 year Step 3: After completion of minimum Vesting period of 1 year, Employee can exercise the options at pre-determined price and shares can be allotted to him accordingly</p>	<p>Step 1: Take necessary approvals from shareholders and allot sweat equity shares to the employees. Step-2: There is no minimum vesting period of shares, Employee becomes owner of the shares, however, there will be lock-in period of 3 years to transfer such shares.</p>

Flow of ESOPs





Flow of Sweat Equity

