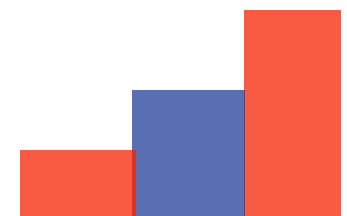
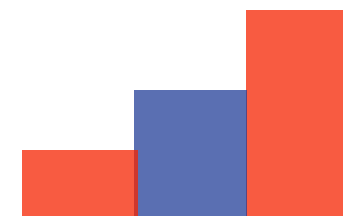


Employee Stock Option Plans

A walkthrough....

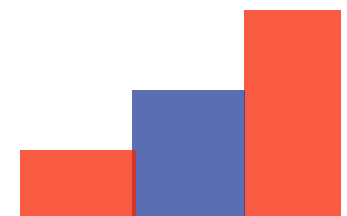


What is **ESOP**?

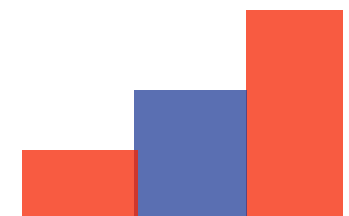
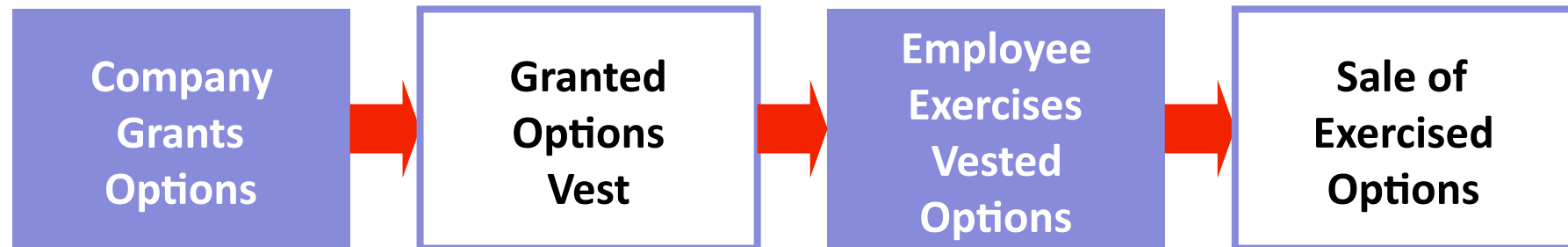


What is ESOP?

- Stock Option is a right given to an employee to buy certain number of shares of the company at a fixed pre-determined price over a period of time
- It has 3 main characteristics:
 - It is a right and not an obligation
 - The price is pre-determined
 - The right is available over a period of time

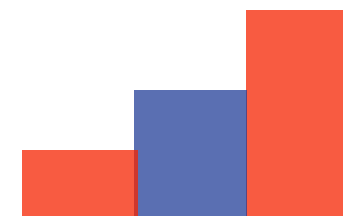


ESOP Lifecycle



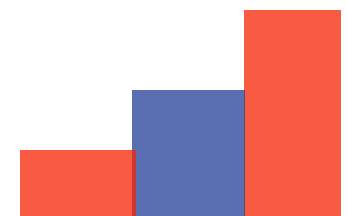
ESOP As A Tool ...

- For Retention of Talent
- For Rewarding Performance
- For Rewarding Loyalty
- For Attracting Scarce Skills
- For Rewarding Turnaround
- Substitute for Cash Incentives



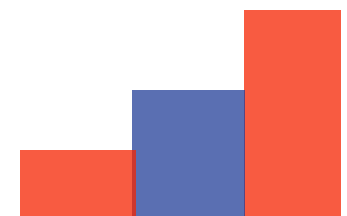
Win–Win Model ...

- Market pays and hence no cash outflow for company.
- Get long term commitments from employees.
- Inculcates sense of ownership.
- Tax efficient model of incentive for employees.
- No upside cap for benefit.



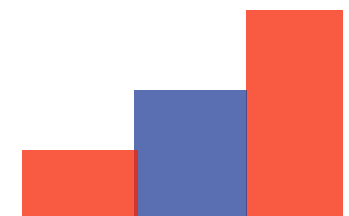
Issues Involved

- Objective vis-à-vis compensation strategy.
- Deciding exercise price, vesting period, exercise period etc.
- Determining eligibility criteria for grants.
- Quantification of number of options to be granted...



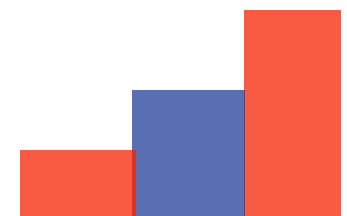
Issues Involved

- Quantification of benefits to employees.
- Legal Compliance.
- Industry Benchmarking.
- Communication to Employees.
- Documentation (Scheme document, agreement, grant letter, FAQ etc.)



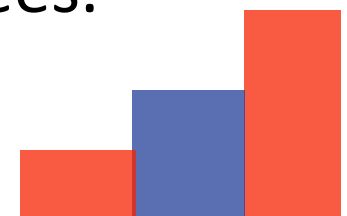
Legal Compliance

- Company law
- Income tax (CBDT)
- SEBI Guidelines
- Insider Trading Guidelines
- RBI Guidelines



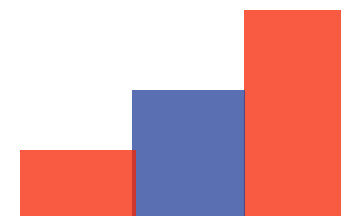
Common Pitfalls

- Not in line with Industry practice.
- Lack of clarity about the design & use of ESOP.
- Avoiding hard facts about market swings, employee psychology.
- No transparency in grant process.
- Lack of proper communication with employees.



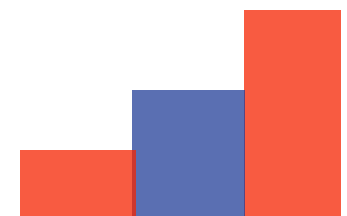
About Mindspace ESOP Consultants

- Promoted by Charkha Miniyar & Co., Chartered Accountants
- Providing services in the area of ESOPs, performance incentive scheme, taxation, auditing, outsourcing of accounting, etc.
- Hived of the ESOP division in 2006.
- Rich domain knowledge in ESOP based on dedicated research and customized designing for past 6 years.
- Total team size of 10 with 3 qualified professionals.



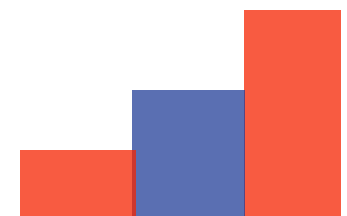
Mindspace Value Addition

- Holistic approach – Legal, Accounting, Taxation and Compensation Strategy.
- Profuse domain knowledge and industry benchmark.
- Have structured ESOPs for clients across various sectors.
- Ability to understand the need of the client & provide a unique customized solution.

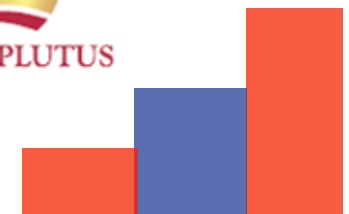


Services Offered

- Designing and implementing ESOPs.
- Administration of ESOPs.
- Review of ESOP Schemes.
- Vetting of ESOP documents and legal compliance.
- Assistance in disclosures as required under Indian laws.
- Designing and implementing Benefit Sharing Schemes.



Few of our Valued Relationship



Thank You

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