

KASLIWAL MAHESHWARI & ASSOCIATES

Company Secretaries

64, Greater Kailash Colony, Behind Apex Mall,

Tonk Road, Jaipur-302016

Email – csrajatkasliwal01@gmail.com , cssidhimaheshwari@gmail.com

CHECKLIST FOR ESOP

[Companies \(Share Capital and Debentures\) Rules, 2014](#) states that a company, other than a listed company, which is not required to comply with Securities and Exchange Board of India Employee Stock Option Scheme Guidelines shall not offer shares to its employees under a scheme of employees' stock option (hereinafter referred to as "Employees Stock Option Scheme"), unless it complies with the given requirements thereof.

So, it is clear from the above provisions that Rule 12 of The **[Companies \(Share Capital and Debentures\) Rules, 2014](#)** is not applicable to Listed Companies. Instead, Listed Companies have to follow **[SEBI \(Share Based Employee Benefits\) Regulations, 2014](#)** for offering ESOP's to employees under a scheme of Employees' Stock Option (ESOS).

PROCEDURE

1. An advance notice of the Board meeting at least two working days before to the Stock Exchanges where securities of the Company are listed.
2. Hold Board Meeting for
 - a. Approving the ESOS
 - b. Calling and approving the Notice of AGM/EGM for passing Special Resolution
3. Outcome of the Board Meeting is also to be notified within 30 minutes of the conclusion of the Board meeting.

Where at any time, a Company having a share capital proposes to increase its subscribed capital by the issue of further shares, such shares shall be offered to employees under a **scheme of Employees' Stock Option (ESOS)** in accordance with SEBI (Share Based

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Employee Benefits) Regulations, 2014, subject to approval of shareholders by passing a Special Resolution in the General Meeting.

A separate resolution shall also be passed in case of grant of options to

- i. employees of subsidiary, holding or associate company or
 - ii. identified employees, during any one year, equal to or exceeding one per cent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant of options
4. Make disclosures to the grantees.
 5. An advance notice of the General meeting at least two working days before to the Stock Exchanges where securities of the Company are listed.
 6. Hold General Meeting and pass required Special Resolution.
 7. Outcome of the General Meeting is also to be notified within 30 minutes of the conclusion of the meeting to the STX's.
 8. File **e-form MGT-14** within 30 days of passing the special resolution with ROC.
 9. For listing of shares issued pursuant to ESOS, the company shall obtain the in-principle approval of the stock exchanges before issuing shares as per Regulation 28 of LODR where it proposes to list the said shares.
 10. The company shall appoint a registered merchant banker for the implementation of schemes covered by these regulations till the stage of obtaining in-principle approval from the stock exchanges.

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11. Grant of options by Nomination & Remuneration Committee.

Further, Company shall constitute a Nomination & Remuneration Committee for

i. granting of options to the employees of the Company.

ii. administration and superintendence of the scheme which shall formulate the detailed terms and conditions of the schemes including the provisions as specified by SEBI in this regard. The ESOS shall contain the details of the manner in which the scheme will be implemented and operated and no ESOS shall be offered unless the disclosures, as specified by SEBI in this regard, are made by the company to the prospective option grantees.

iii. framing suitable policies and procedures to ensure that there is no violation of securities laws, as amended from time to time, including Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003 by the company and its employees.

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The company granting option to its employees pursuant to ESOS will have the freedom to determine the exercise price subject to conforming to the accounting policies specified in regulation 15 provided there shall be a minimum vesting period of one year in case of ESOS

The company may also specify the lock-in period for the shares issued pursuant to exercise of option.

12. Intimate STX's regarding the grant made to the employees within 30 minutes of conclusion of meeting.

13. Prepare a list of options to be exercised by the employees.

14. Hold Board meeting/ESOP Allotment committee meeting for allotment of shares

15. Intimate STX's as soon as reasonably possible and not later than 24 hours

16. File a return of allotment in form PAS 3 with the ROC within 30 days from the date of allotment

17. For De-mat a/c verification send the list of allottees to RTA. In case of NRI, the De-mat account should also have non-resident status and if the money is received from NRO account, the status of de-mat account should be Non Resident & non-repatriable (category 4 and sub category 2) and if the payment is received is received from NRE account/ EFT then the status of de-mat account should be Non- Resident & repatriable (category 4 and sub category 1)

18. Preparation of Corporate Action Form for NSDL & CDSL

19. Payment of fees for Corporate Action through Demand Draft of Rs.1150/- in favor of NSDL/CDSL as the case may be.

20. Send the scanned documents to NSDL/CDSL/RTA for corporate action.

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21. Submit Form C of Insider Trading with STX's within 2+2 days of execution/approval by NSDL/CDSL, in case the allotment along with the previous allotment in the same quarter exceeds Rs.10 lakhs

26. Preparation of Listing Application for STX's along with the necessary annexures.

27. Payment of Stamp Duty.

i. At the time of issue of shares, Stamp duty shall be paid to the Government within 30 days from the date of issue.

COST INVOLVED

FORM MGT-14= RS.600/-

FORM PAS-3=RS.600/-

CORPORATE ACTION FORM=RS.1150/-

STAMP DUTY= (DEPENDING ON AMOUNT OF ISSUE)