

SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021

Sr. No.	Governing Provisions:
1.	Section 2(37), 39, 54, 62(1)(b), 101, 102, 108, 110, 149, 173, 197, 198 Companies Act, 2013 & Schedule V (CA, 2013)
2.	Rule 8 & 12 of Companies (Share Capital and Debentures) Rules, 2014 (Share Capital Rules) Rule 18, 20, 22, 24 of Companies (Management and Administration) Rules, 2014 (Management Rules) Rule 12 of Companies (Prospectus and Allotment of Securities) Rules, 2014 (Prospectus Rules) Rule 5 & 6 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (Remuneration Rules)
3.	SEBI (Share Based Employee Benefits And Sweat Equity) Regulations, 2021 (Employee Benefits Regulations or Reg.)
4.	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR)
5.	Chapter V of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (ICDR)
6.	SEBI (Prohibition of Insider Trading) Regulations, 2015 (PIT Reg, 2015 or Insider Regulations)
7.	Securities Contracts (Regulation) Rules, 1957 (SCRA Rules)
8.	Secretarial Standards 1 & 2 (SS-1 and SS-2)
9.	SEBI, NSE and BSE Circulars (Circulars)
10.	MCA Notifications (Notification)

Note: “Phantom Stock Options” are a form of share-based employee benefits based on the underlying value of equity shares of the employer company. The settlement of such options is made in cash and not in equity shares of the company.

Since phantom stock options do not involve any actual purchase or sale of the equity shares of a listed company, the same would not be covered under the SBEB and SE Regulations, 2021.

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A. Companies covered: [Ref: Reg. 1(4)]

Any company whose **Equity Shares are listed** on a recognized stock exchange in India and who **seeks to issue sweat equity shares or has a scheme:-**

- (i) for direct or indirect **benefit of employees**;
- (ii) involving **dealing in or subscribing to or purchasing securities of the company**, directly or indirectly; **and**
- (iii) satisfying, directly or indirectly, **any one of the following conditions**: -
 - a. the scheme is **set up** by the company or any other company in its group.
 - b. the scheme is **funded or guaranteed** by the company or any other company in its group.
 - c. the scheme is **controlled or managed** by the company or any other company in its group.

Note:

The **provisions pertaining to preferential issue** as specified in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **shall not be applicable** in case of **a company issuing new shares** in pursuance and compliance of these regulations **except wherever specifically provided for in these regulations**.

B. Employees Benefits covered: [Ref: Reg. 1(3)]

1. Employee Stock Option Schemes (ESOS);
2. Employee Stock Purchase Schemes (ESPS);
3. Stock Appreciation Rights Schemes (SARS);
4. General Employee Benefits Schemes (GEBS);
5. Retirement Benefit Schemes (RBS); and
6. Sweat Equity Shares.

❖ **“Sweat Equity Shares”** means sweat equity shares as defined in sub-section (88) of section 2 of the Companies Act, 2013. [Ref: Reg. 2(ss)]

(88) **“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;. [Ref: Sec. 2(88) of CA, 2013]

C. Definition:

(1) Meaning of Employee for these regulations:-

“Employee” for the purpose of Sweat Equity	“Employee” for the purpose of all benefits other than Sweat Equity Shares
“Employee” means, (i) an employee of the company working in India or abroad; or (ii) a director of the company whether a whole time director or not.	“Employee”, except in relation to issue of sweat equity shares, means:- (i) an employee as designated by the company, who is exclusively working in India or outside India; or (ii) a director of the company, whether a whole time director or not, including a non-executive director who is not a promoter or member of the promoter group, but excluding an independent director; or (iii) an employee as defined in sub-clauses (i) or (ii), of a group company including subsidiary or its associate company, in India or outside India, or of a holding company of the company, but does not include:- (a) An employee who is a promoter/ a person belonging to the promoter group; or (b) A director who, either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten per cent of the outstanding equity shares of the company. Note: The phrase “exclusively working in India or outside India” means any employee who is exclusively working with such company, irrespective of whether such person is employed either in India or outside India.

❖ For Easy Understanding/ Reference:

1. An Independent Director shall not be entitled to receive any employee benefit under these regulations except Sweat Equity Shares.
2. An employee who is a promoter or member of promoter group and/ or a director who holds > 10 % of Outstanding Equity Shares of the company, directly or through its relative, shall not be entitled to receive any employee benefit under these regulations except Sweat Equity Shares.
3. All the Employees [Except member of Promoter or Promoters Group] of Group Companies including its Holding, Subsidiary and Associate Companies are covered under term “Employee” for the purpose of all Employee Benefits under these regulations.
4. All the Directors [Except (i) Independent Director (ii) holding > 10 % of outstanding equity shares of the company] of Group Companies including its Holding, Subsidiary and Associate Companies are covered under term “Employee” for the purpose of all Employee Benefits under these regulations.

(2) Types of Employees' Benefits covered:

Sr. No.	Name of Benefit	Definition
1.	Employee Stock Option Schemes (ESOP)	“Employee Stock Option Scheme or ESOS” means a scheme under which a company grants employee stock options to employees directly or through a trust;
2.	Employee Stock Purchase Schemes (ESPS)	“Employee Stock Purchase Scheme or ESPS” means a scheme under which a company offers shares to employees, as part of public issue or otherwise, or through a trust where the trust may undertake secondary acquisition for the purposes of the scheme;
3.	Stock Appreciation Rights Schemes (SARS)	“Stock Appreciation Right Scheme or SAR scheme” means a scheme under which a company grants SAR to employees ;
4.	General Employee Benefits Schemes (GEBS)	“General Employee Benefits Scheme or GEBS” means any scheme of a company framed in accordance with these regulations, dealing in shares of the company or the shares of its listed holding company, for the purpose of employee welfare including healthcare benefits, hospital care or benefits, or benefits in the event of sickness, accident, disability, death or scholarship funds, or such other benefit as specified by such company;
5.	Retirement Benefit Schemes (RBS)	“Retirement Benefit Scheme or RBS” means a scheme of a company framed in accordance with these regulations, dealing in shares of the company or the shares of its listed holding company, for providing retirement benefits to the employees subject to compliance with existing rules and regulations as applicable under laws relevant to retirement benefits in India;
6.	Sweat Equity Shares (Sweat Equity)	“Sweat Equity Shares” means sweat equity shares as defined in sub-section (88) of section 2 of the Companies Act, 2013 (18 of 2013);

(3) Few other Important Definition under these regulations:

Sr. No.	Name of Term	Definition
1.	Exercise	“Exercise” means making of an application by an employee to the company or to the trust for issue of shares or appreciation in form of cash, as the case may be, against vested options or vested SARs in pursuance of the schemes covered under Part A or Part C of Chapter III of these regulations, as the case may be;
2.	Exercise Period	“Exercise Period” means the time period after vesting within which an employee can exercise his/ her right to apply for shares against the vested option or appreciation against vested SAR in pursuance of the schemes covered under Part A or Part C of Chapter III of these regulations, as the case may be;
3.	Exercise Price	“Exercise Price” means the price, if any, payable by an employee for exercising the option or SAR granted to such an employee in pursuance of the schemes covered under Part A or Part C of Chapter III of these regulations, as the case may be;
4.	Grant	“Grant” means the process by which the company issues options, SARs, shares or any other benefits under any of the schemes;
5.	Grant Date	“Grant Date” means the date on which the compensation committee approves the grant. Explanation,— For accounting purposes, the grant date will be determined in accordance with applicable accounting standards;
6.	Group	“Group” means two or more companies which, directly or indirectly, are in a position to— (i) Exercise twenty-six per cent. or more of the voting rights in the other company; or (ii) Appoint more than fifty per cent. of the members of the Board of Directors in the other company; or (iii) Control the management or affairs of the other company;
7.	Market Price	“Market Price” means the latest available closing price on a recognized stock exchange on which the shares of the company are listed on the date immediately prior to the relevant date. Explanation,— If such shares are listed on more than one recognized stock exchange, then the closing price on the recognized stock exchange having higher trading volume shall be considered as the market price;
8.	Relevant Date	“Relevant Date” means,- (i) in the case of grant, the date of the meeting of the compensation committee on which the grant is made; or (ii) in the case of exercise, the date on which the notice of exercise is given to the company or to the trust by the employee;

Sr. No.	Name of Term	Definition
9.	Option	“ Option ” means the option given to an employee which gives such an employee a right to purchase or subscribe at a future date, the shares offered by the company, directly or indirectly, at a pre-determined price;
10.	Option Grantee	“ Option Grantee ” means an employee having a right but not an obligation to exercise an option in pursuance of an ESOS;
11.	SAR Grantee	“ SAR Grantee ” means an employee to whom a SAR is granted;
12.	SAR Price	“ SAR Price ” means the base price defined on the grant date of SAR for the purpose of computing appreciation;
13.	Secondary Acquisition	“ Secondary Acquisition ” means acquisition of existing shares of the company by the trust on the platform of a recognized stock exchange for cash consideration;
14.	Share	“ Share ” means equity shares and securities convertible into equity shares and includes American Depository Receipts, Global Depository Receipts or other depository receipts representing underlying equity shares or securities convertible into equity shares;
15.	Stock Appreciation Right	“Stock Appreciation Right or SAR” means a right given to a SAR grantee entitling him to receive appreciation for a specified number of shares of the company where the settlement of such appreciation may be made by way of cash payment or shares of the company. Explanation 1,—A SAR settled by way of shares of the company shall be referred to as equity settled SAR. Explanation 2,—For the purpose of these regulations, any reference to stock appreciation right or SAR shall mean equity settled SARs and does not include any scheme which does not, directly or indirectly, involve dealing in or subscribing to or purchasing, securities of the company. Note: Cash Settled SAR is also known as “Phantom Stock Options” and not covered under Employee Benefits Regulation.
16.	Valuer	“ Valuer ” means an independent chartered accountant or a merchant banker appointed to determine the valuation of know-how or intellectual property rights or value addition;
17.	Vesting	“ Vesting ” means the process by which the employee becomes entitled to receive the benefit of a grant made to him/ her under any of the schemes;
18.	Vesting Period	“ Vesting Period ” means the period during which the vesting of option, SAR or a benefit granted under any of the schemes takes place;

(4) Mode of Implementation of Scheme:

Sr. No.	Basis of Difference	Direct Route	Indirect Route/ Trust Route
1.	Mode of Implementation	Implemented by the Company	Implemented through an Irrevocable Trust which is set up the Company.
2.	Scheme involves Gift or Secondary Acquisition	The Company is prohibited from implementing the scheme when gift or secondary acquisition is involved.	Mandatorily implemented through the Trust
3.	Administration and Supervision of the Scheme	By the Compensation Committee [Generally, Nomination and Remuneration Committee of the Company is designated as Compensation Committee formed under Reg. 19 of LODR.]	By the Trust
4.	Scheme involved Gift or Secondary Acquisition or both		The Scheme has to be mandatorily implemented through a trust where Gift or Secondary Acquisition is involved.
5.	Who can be a trustee	Not Applicable	Any person can be a trustee except in cases where such person: i. is a director, key managerial personnel or promoter of the company or its group company including its holding, subsidiary or associate company or any relative of such director, key managerial personnel or promoter; or ii. beneficially holds ten percent or more of the paid-up share capital or the voting rights of the company: Provided that where individual(s) or “one person company” as defined under the Companies Act, 2013, is appointed as trustee(s), there shall be a minimum of two such trustees, and in case a corporate entity is appointed as a trustee, then it may be the sole trustee.
6.	Voting Right of Trustee	-	Trustee are not having any voting right in respect of the shares held by the trust.

Sr. No.	Basis of Difference	Direct Route	Indirect Route/ Trust Route
7.	Source of Fund to implement the scheme	The Company may use its own fund to implement the scheme.	The Company may lend money to trust to implement the scheme and it may be repaid at the time of winding up of the scheme or otherwise.
8.	Disclosures to be filed with Stock Exchange	Notice of General Meeting / Postal Ballot along with Explanatory Statement for approving the Scheme	Significant details of trust and its process of implementation the scheme
9.	Disclosure in Shareholdings Pattern	-	Shareholdings of Trust shall be shown as “Non-Promoter and Non-Public”
10.	Limits of Secondary Acquisition	-	01 Financial Year: Upto 2 % of Paid up Equity Capital* as at the end of the previous financial year. Overall: Upto 5 % of Paid up Equity Capital* (ESOP, ESPS, SAR) as at the end of the financial year immediately prior to the year in which the Shareholders’ approval is obtained. Overall: Upto 2 % of Paid up Equity Capital* (GEBS, RBS) as at the end of the financial year immediately prior to the year in which the shareholders’ approval is obtained. Overall: Upto 5 % of Paid up Equity Capital* (All Schemes) as at the end of the financial year immediately prior to the year in which the shareholders’ approval is obtained.
11.	Restriction on Trading “On Stock Exchange or Off Market”	-	The Trust shall hold the shares acquired through secondary acquisition for a minimum period of six months except: Participating in an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 or while participating in a buy-back, delisting or any other exit

Sr. No.	Basis of Difference	Direct Route	Indirect Route/ Trust Route
			offered by the company generally to its shareholders.
12.	Restriction on “Off Market” Transfer	-	The Trust shall not undertake off-market transfer of shares except: i transfer to the employees pursuant to scheme(s); ii Participating in an open offer, buy-back, delisting or any other exit offered by the company generally to its shareholders.
13.	Restriction on “Selling the shares in Secondary Market”	-	The Trust shall not sell the shares in secondary market except: i To enable the employee to fund the payment of the exercise price and other expenses, pursuant to exercise of options granted under the ESOS. ii On vesting or exercise , as the case may be, of SAR. iii In case of emergency for implementing the schemes (GEBS & RBS). iv Participation in buy-back or open offers or delisting offers or any other exit offered by the company generally to its shareholders, if required. v For repaying the loan , if the unappropriated inventory of shares held by the trust is not appropriated within the timeline (Exceptional Extension)* . vi By making an application to Board (SEBI) on direct payment of application fee of Rs. 1 Lakh (Non-Refundable)

* **Explanation**,—The shares held by the trust shall **not form part of the public shareholding** which needs to be maintained at a **minimum of 25%** as prescribed under the Securities Contracts (Regulation) Rules, 1957.

* **Explanation 2**,— If a company has **multiple trusts and schemes**, the aforesaid ceiling limit shall be **applicable for all such trusts and schemes taken together** at the company level and not at the level of individual trust or scheme.

* **Explanation 3,**—The above **ceiling limit will not be applicable where shares are allotted to the trust by way of new issue or gift from promoter or promoter group or other shareholders.**

* **Explanation 4,**—In the event that the **options, shares or SAR granted** under any of the schemes **exceeds the number of shares that the trust may acquire through secondary acquisition**, then **such shortfall of shares shall be made up by the company through new issue of shares** to the trust in accordance with the provisions of new issue of shares under the applicable laws.

* **Exceptional Extension:**

Sometimes a Company may acquire no. of shares from secondary market then the no. of shares granted under the ESOP, ESPS and SAR, in that scenario the additional shares which are not backed by Grants (Unappropriated Inventory), has be appropriated upto end of subsequent Financial Year or 2nd subsequent Financial Year subject to approval of Compensation Committee or Nomination and Remuneration Committee.

Reasons due to which Shares not backed by Grants:

- Grants lapsed due to events such as cessation of employment or
- Non-fulfilment of stipulated performance conditions, and
- Any other issues

The unappropriated inventory of shares which are not backed by grants, acquired through secondary acquisition by the trust under Part A, Part B or Part C of Chapter III of these regulations, shall be appropriated within a reasonable period which shall not extend beyond the end of the subsequent financial year, or the second subsequent financial year subject to approval of the compensation committee/nomination and remuneration committee for such extension to the second subsequent financial year.

(5) Shareholders' Approval

Sr. No.	Initial Implementation of Scheme(s) [Reg. 6]	Variation in Scheme(s) [Reg. 7]	Other Circumstances [Reg. 6(3) & Reg. 7]
1.	By Special Resolution in General Meeting and The explanatory statement to the notice and the resolution proposed to be passed by shareholders for the schemes shall contain the information as specified in Part C of Schedule – I of these regulations	By Special Resolution It may vary the scheme offered but not yet exercised by the employees, if such variation is not prejudicial to the interests of the employees And The notice for passing a special resolution for variation of terms of the schemes shall disclose full details of the variation, the rationale therefor, and the details of the employees who are beneficiaries of such variation.	Requirement of SEPARATE RESOLUTION in the General Meeting in following Circumstances: 1. Secondary acquisition for implementation of the schemes. 2. Secondary acquisition by the trust in case the share capital expands due to capital expansion undertaken by the company including preferential allotment of shares or qualified institutions placement. 3. Grant of option, SAR, shares or other benefits, as the case may be, to employees of subsidiary or holding company; 4. Grant of option, SAR, shares or benefits, as the case may be, to 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 option, SAR, shares or incentive, as the case may be. 5. For transferring the remaining fund to another scheme in the case of winding of the scheme.

(6) Key Points to remember for Transferability of Benefits:

Compliances and conditions [Ref: Sec. 12]	Certificate from Secretarial Auditor [Ref: Sec. 13]	Disclosures in Board's Report [Ref: Sec. 14 read with Reg. 46 of LODR]
➤ No company shall make any fresh grant which involves allotment or transfer of shares to its employees under any scheme formulated prior to its IPO and prior to the listing of its equity shares ('pre-IPO scheme') unless: (i) Such pre-IPO scheme is in conformity with these regulations; and (ii) Such pre-IPO scheme is ratified by its shareholders subsequent to the IPO: Provided that the ratification under clause (ii) may be done any time prior to grant of new options or shares or SAR under such pre-IPO scheme. ➤ No change shall be allowed in the terms of options or shares or SAR issued under pre-IPO schemes, whether by repricing, change in vesting period or maturity or otherwise unless prior approval of the shareholders, by way of special resolutions except for any adjustments for corporate actions in accordance with these regulations. ➤ For listing of shares issued pursuant to ESOS/ ESPS/ SAR, the company shall obtain the "In-Principle Approval" of the recognized stock exchanges where it proposes to list the said shares prior to the	Every Company which has passed a resolution for the scheme(s) under these regulations, the Board of Directors shall at each Annual General Meeting place before the shareholders a certificate from the Secretarial Auditors of the company that the scheme(s) has been implemented in accordance with these regulations in accordance with the resolution of the company in the general meeting.	The Board's Report of the Company shall <i>inter-alia</i> disclose the details of the scheme(s) being implemented, as specified in Part F of Schedule – I of these regulations. Few Important Disclosures are given herein below: ➤ ESOS & SAR ❖ Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to - (a) Senior Managerial Personnel as defined under Regulation 16(d) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; (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, >=1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.

grant of options/ SARs.

- When the **holding company issues option, share, SAR or benefits** to the **employees of its subsidiary**, the **cost incurred** by the holding company for issuing such option, share, SAR or benefits shall be disclosed in the **“notes to accounts” of the financial statements of the subsidiary company**.
- In a case falling under sub-regulation (4), **if the subsidiary reimburses the cost incurred** by the holding company in granting option, share, SAR or benefits to the employees of the subsidiary, **both the subsidiary as well as the holding company shall disclose the payment or receipt, as the case may be, in the ‘notes to accounts’ to their financial statements**.
- The company shall **appoint a Merchant Banker** for the implementation of schemes covered by these regulations **till the stage of obtaining “In-Principle Approval”** from the recognized stock exchanges.

Can grant of ESOP be made in trading window closure period?

Answer Grant of ESOP refers to a right but not an obligation to acquire the shares of the company as and when the options are vested and correspondingly exercised by the Employees. Hence, grant of ESOP per se is not trading and accordingly can be made during trading window of closure.

(7) Administration Of Specific Schemes: [Ref: Sec. 16-27 read with Chapter III]

Sr. No.	Basis of Difference	Employee Stock Option Scheme (ESOS)	Employee Stock Purchase Scheme (ESPS)	Stock Appreciation Rights Scheme (SAR Scheme)
1.	Definition	“Employee Stock Option Scheme or ESOS” means a scheme under which a company grants employee stock options to employees directly or through a trust;	“Employee Stock Purchase Scheme or ESPS” means a scheme under which a company offers shares to employees, as part of public issue or otherwise, or through a trust where the trust may undertake secondary acquisition for the purposes of the scheme;	“ Stock Appreciation Right Scheme or SAR scheme ” means a scheme under which a company grants SAR to employees ;
2.	Pricing/ Method	The Company is free to determine the exercise price subject to conforming to the accounting policies.	The Company is free to determine the exercise price subject to conforming to the accounting policies.	The Company is free to determine the methods of SAR Scheme: ❖ Cash Settled SAR ❖ Equity Settled SAR (Fractional Shares may be settled in cash)
3.	Vesting Period	Minimum period of one (01) year* Except options shall vest on the: ❖ Date of Death or ❖ Date of Permanent Incapacity	NA	Minimum period of one (01) year* Except options shall vest on the: ❖ Date of Death or ❖ Date of Permanent Incapacity
4.	Lock- In Provision	May specify the lock-in period	Minimum period of one (01) year from the date of allotment* Except: ❖ Date of Death or ❖ Date of Permanent Incapacity ❖ Issue as a part of Public Issue & at same price which offered to public.	NA

Sr. No.	Basis of Difference	Employee Stock Option Scheme (ESOS)	Employee Stock Purchase Scheme (ESPS)	Stock Appreciation Rights Scheme (SAR Scheme)
5.	Rights of the holder	Not have the right to receive any dividend/ to vote or in any manner enjoy the benefits available to a shareholder till shares are issued to him/her upon exercise of the option.	NA	Not have the right to receive any dividend/ to vote or in any manner enjoy the benefits available to a shareholder till shares are issued to him/her upon exercise of the option

- * Provided that in case where options are granted by a company under an ESOS in lieu of options held by an employee under an ESOS in another company which has merged, demerged, arranged or amalgamated with the first mentioned company, the period during which the options granted by the transferor company were held by such employee shall be adjusted against the minimum vesting period required under this sub-regulation:
- * The amount paid by the employee, if any, at the time of grant/ vesting/ exercise of option:-
 - (1) May be forfeited by the company if the option is not exercised by the employee within the exercise period; or
 - (2) May be refunded to the employee if the options are not vested due to non-fulfilment of conditions relating to vesting of option as per the ESOS.

Sr. No.	Basis of Difference	General Employee Benefits Scheme (GEBS) [Ref: Reg. 26]	Retirement Benefit Scheme (RBS) [Ref: Reg. 27]
1.	Definition	“General Employee Benefits Scheme or GEBS” means any scheme of a company framed in accordance with these regulations, dealing in shares of the company or the shares of its listed holding company, for the purpose of employee welfare including healthcare benefits, hospital care or benefits, or benefits in the event of sickness, accident, disability, death or scholarship funds, or such other benefit as specified by such company;	“Retirement Benefit Scheme or RBS” means a scheme of a company framed in accordance with these regulations, dealing in shares of the company or the shares of its listed holding company, for providing retirement benefits to the employees subject to compliance with existing rules and regulations as applicable under laws relevant to retirement benefits in India;
2.	Limit on No. of Shares	Shares of the company or shares of its listed holding company shall not exceed lower of the following as per latest balance sheet (whether audited or limited reviewed): a) 10 % of book value of the total Assets of the Scheme or, b) 10 % of market value of the total Assets of the Scheme or c) 10 % of Fair value of the total Assets of the Scheme;	Shares of the company or shares of its listed holding company shall not exceed lower of the following as per latest balance sheet (whether audited or limited reviewed): a) 10 % of book value of the total Assets of the Scheme or, b) 10 % of market value of the total Assets of the Scheme or c) 10 % of Fair value of the total Assets of the Scheme;
3.	Compliance Certificate from Secretarial Auditor	Secretarial Auditor of the company shall certify compliance with the requirement of the regulations at the time of adoption of such balance sheet by the company.	Secretarial Auditor of the company shall certify compliance with the requirement of the regulations at the time of adoption of such balance sheet by the company.

(8) ESOS Difference Between under Companies Act and Employee Benefits Regulations 2024

Sr. No.	Basis of Difference	Companies Act, 2013 [Ref: Sec. 62(1)(b) read with Rules 12 of Share Capital Rules]	Employee Benefits Regulations 2021 [Ref: Reg. 2(1)(i) & Reg. 16-20]
1.	Definition	“Employee” means- 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 clauses (a) or (b) of a subsidiary, in India or outside India, or of a holding company of the company. but does not include- (1) an employee who is a promoter or a person belonging to the promoter group; or (2) a director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the company. Provided that in case of a startup company, as defined in notification number 3, 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 mentioned in sub-clause (i) and (ii) shall not apply upto ten years] from the date of its incorporation or registration.”	“Employee”, except in relation to issue of sweat equity shares, means:- (i) an employee as designated by the company, who is exclusively working in India or outside India; or (ii) a director of the company, whether a whole time director or not, including a non-executive director who is not a promoter or member of the promoter group, but excluding an independent director; or (iii) an employee as defined in sub-clauses (i) or (ii), of a group company including subsidiary or its associate company, in India or outside India, or of a holding company of the company, but does not include:- (a) An employee who is a promoter/ a person belonging to the promoter group; or (b) A director who, either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten per cent of the outstanding equity shares of the company. Note: The phrase “exclusively working in India or outside India” means any employee who is exclusively working with such company, irrespective of whether such person is employed either in India or outside India.
2.	Approval Required	Special Resolution	Special Resolution in the general meeting

Sr. No.	Basis of Difference	Companies Act, 2013 [Ref: Sec. 62(1)(b) read with Rules 12 of Share Capital Rules]	Employee Benefits Regulations 2021 [Ref: Reg. 2(1)(i) & Reg. 16-20]
3.	Time gap between the grant of options and vesting of option	Minimum period of one year between the grant of options and vesting of option: Except options shall vest on the: ❖ Date of Death or ❖ Date of Permanent Incapacity	Minimum vesting period of one year* Except options shall vest on the: ❖ Date of Death or ❖ Date of Permanent Incapacity
4.	Lock- In Provision	May specify the lock-in period	May specify the lock-in period
5.	Pricing	The Company is free to determine the exercise price subject to conforming to the accounting policies.	The Company is free to determine the exercise price subject to conforming to the accounting policies.
6.	Rights of the holder	Option holder does not have the right to receive any dividend/ to vote or in any manner enjoy the benefits available to a shareholder till shares are issued to him/her upon exercise of the option.	Option holder does not have the right to receive any dividend/ to vote or in any manner enjoy the benefits available to a shareholder till shares are issued to him/her upon exercise of the option.
7.	Register of ESOP	Form SH-6	-

* Provided that in case where options are granted by a company under an ESOS in lieu of options held by an employee under an ESOS in another company which has merged, demerged, arranged or amalgamated with the first mentioned company, the period during which the options granted by the transferor company were held by such employee shall be adjusted against the minimum vesting period required under this sub-regulation:

(9) Sweat Equity Shares: [Ref: Sec. 28-40 read with Chapter IV]

Sr. No.	Basis of Difference	Companies Act, 2013 [Ref: Sec. 54 read with Rule 8 of Share Capital Rules]	Employee Benefits Regulations 2021 [Ref: Reg. 27-40]
1.	Definition	“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; ‘Value Additions’ means actual or anticipated economic benefits derived or to be derived by the company from an expert or a professional for providing know-how or making available rights in the nature of intellectual property rights, by such person to whom sweat equity is being issued for which the consideration is not paid or included in the normal remuneration payable under the contract of employment, in the case of an employee. [Ref: Sec. 2(88) & Explanation I(ii) of Rule 8 of Share Capital Rules]	“Sweat Equity Shares” means sweat equity shares as defined in sub-section (88) of section 2 of the Companies Act, 2013. [Ref: Reg. 2(ss)]
2.	Meaning of “Employee”	“Employee” means- (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 sub-clauses (a) or (b) above of a subsidiary, in India or outside India, or of a holding company of the company; [Ref: Reg. 29]	“Employee” means, (i) an employee of the company working in India or abroad; or (ii) a director of the company whether a whole time director or not. [Ref: Explanation I to Rule 8 of Share Capital Rules]
3.	Resolution required to be passed	Special Resolution in General Meeting	A. For Employees: Special Resolution B. For Employees who belong: Ordinary Resolution to promoter or promoter group

Sr. No.	Basis of Difference	Companies Act, 2013 [Ref: Sec. 54 read with Rule 8 of Share Capital Rules]	Employee Benefits Regulations 2021 [Ref: Reg. 27-40]
			❖ Promoters/ Promoters Group shall not vote on such resolution. ❖ Each issue of sweat equity shares shall be voted by a separate resolution.
4.	Validity of Resolution	Upto a period of not more than 12 Months from the date of passing of the special resolution	valid for a period of not more than twelve months from the date of passing of the resolution
5.	Max. Limit on Issue of Sweat Equity Shares	For One Year: Whichever is higher Upto 15 % of existing Paid Equity Share Capital (P.E.S.C) OR Issue value of rupees five crores* Overall Limit: Upto 25 % of existing Paid Equity Share Capital (P.E.S.C) *	For One Year: Upto 15 % of existing Paid Equity Share Capital (P.E.S.C) * Overall Limit: Upto 25 % of existing Paid Equity Share Capital (P.E.S.C) *
6.	Accounting Treatment in Books of Account	If Sweat Equity is issued for non-cash consideration on basis of valuation Report: a) Depreciable or Amortizable Asset- Balance Sheet b) Other form- Expenses in Profit and Loss Account	If Sweat Equity is issued for non-cash consideration on basis of valuation Report: a) Depreciable/ Amortizable Asset- Carried to Balance Sheet b) In any other form- Carried to P& L Account as Expenses
7.	Ceiling on Managerial Remuneration/ Part of Managerial Remuneration as per Sec. 197 & 198	Treated as part of Managerial Remuneration if issued to : a) Any director or manager and b) For consideration other than cash, which is treated as Expense and does not form part of Assets in the Balance Sheet	Treated as part of Managerial Remuneration if issued to : a) Any director or manager and b) For consideration other than cash, which is treated as Expense and does not form part of Assets in the Balance Sheet
8.	Register of Sweat Equity Share	Form SH-3	-

Sr. No.	Basis of Difference	Companies Act, 2013 [Ref: Sec. 54 read with Rule 8 of Share Capital Rules]	Employee Benefits Regulations 2021 [Ref: Reg. 27-40]
9.	Restriction on Transferability/ Lock-in Requirement	03 Years from the date of allotment	Preferential Issue of Equity Shares Case A Issued to Promoter /Promoter Group: Min. Promoters' Contribution Over & Above Min. Promoters' Contribution 18 Months from the date of trading approval 06 Months from the date of trading approval Case B Issued to persons other than Promoter or Promoter Group: 06 Months from the date of trading approval
10.	Compliance Certificate to be placed in AGM	-	Compliance Certificate from Secretarial Auditor to be placed in Annual General Meeting (AGM).
11.	Applicability of SEBI Takeover	-	STC is applicable on acquisition of Sweat Equity Shares.
12.	Valuation	By Registered Valuer	By Merchant Banker*

Sr. No.	Basis of Difference	Companies Act, 2013 [Ref: Sec. 54 read with Rule 8 of Share Capital Rules]	Employee Benefits Regulations 2021 [Ref: Reg. 27-40]						
13.	Pricing of Sweat Equity Reg. 164/ 164B & 165 of ICDR, 2015	Price determined by a Registered Valuer	Provisions of Preferential Issue to a person other than a Qualified Institutional Buyer under ICDR, 2018* Frequently Traded Equity Shares* <table><tr><th>Case A</th><th>Case B</th></tr><tr><td>Equity Shares are listed for > 90 Trading Days</td><td>Equity Shares are listed for < 90 Trading Days</td></tr><tr><td>Not less than the Higher of the following: a) 90 Trading Days- VWAP* OR b) 10 Trading Days- VWAP*</td><td>Not less than the Higher of the following: a) IPO Price; OR b) Since Listing- VWAP* OR c) 10 Trading Days- VWAP*</td></tr></table> * Volume Weighted Average Price (VWAP) preceding the relevant date. [Ref: Reg. 164] * In case the price is computed as per Case B, the price will be recomputed by the issuer on completion of 90 trading days from the date of listing and if such recomputed price is higher than the price paid on allotment, the difference shall be paid by the allottees to the issuer. * “Frequently Traded Shares (FTS)” means shares of the issuer, in which the traded turnover, during 240 trading days preceding relevant date, is at least 10 % of total number of shares of such class of shares of the issuer:	Case A	Case B	Equity Shares are listed for > 90 Trading Days	Equity Shares are listed for < 90 Trading Days	Not less than the Higher of the following: a) 90 Trading Days- VWAP* OR b) 10 Trading Days- VWAP*	Not less than the Higher of the following: a) IPO Price; OR b) Since Listing- VWAP* OR c) 10 Trading Days- VWAP*
Case A	Case B								
Equity Shares are listed for > 90 Trading Days	Equity Shares are listed for < 90 Trading Days								
Not less than the Higher of the following: a) 90 Trading Days- VWAP* OR b) 10 Trading Days- VWAP*	Not less than the Higher of the following: a) IPO Price; OR b) Since Listing- VWAP* OR c) 10 Trading Days- VWAP*								

Sr. No.	Basis of Difference	Companies Act, 2013 [Ref: Sec. 54 read with Rule 8 of Share Capital Rules]	Employee Benefits Regulations 2021 [Ref: Reg. 27-40]
			Optional Pricing in Preferential Issue- Only For FTS <u>Another Option only for Frequently Traded Equity Shares*</u> Not less than the Higher of the following: a) Average of weekly high and low of VWAP- 12 Weeks* OR b) Average of weekly high and low of VWAP- 2 Weeks* * Locked-In for a period of 03 Years. [Ref: Reg. 164B] * Volume Weighted Average Price (VWAP) preceding the relevant date. * Where the shares of an issuer are Not Frequently Traded, the price determined by the issuer shall take into account the valuation parameters including book value etc. Provided that the issuer shall submit a certificate stating that the issuer is in compliance of this regulation, obtained from an independent Registered Valuer to the stock exchange where the equity shares of the issuer are listed. [Ref: Reg. 165]

- * Provided further that a company listed on Innovators Growth Platform shall be permitted to issue not more than fifteen percent of the paid up equity share capital in a financial year subject to overall limit not exceeding fifty percent of the paid up equity share capital of the company, up to ten years from the date of its incorporation or registration.
- * The Merchant Banker shall obtain a certificate from an independent chartered accountant certifying that the valuation of the know-how or intellectual property rights or value addition.

Chapter V- Preferential Issue [ICDR, 2015]

Reg. 161: For the purpose of this Chapter, “relevant date” means:

- a) in case of preferential issue of equity shares, the date thirty days prior to the date on which the meeting of shareholders is held to consider the proposed preferential issue:

Provided that in case of a preferential issue of specified securities pursuant to any resolution of stressed assets under a framework specified by the Reserve Bank of India or a resolution plan approved by the National Company Law Tribunal under the Insolvency and Bankruptcy Code 2016,, the date of approval of the corporate debt restructuring package or resolution plan shall be the relevant date.

- b) in case of a preferential issue of convertible securities, either the relevant date referred to in clause (a) of this regulation or a date thirty days prior to the date on which the holders of the convertible securities become entitled to apply for the equity shares.

Explanation: Where the relevant date falls on a weekend or a holiday, the day preceding the weekend or the holiday will be reckoned to be the relevant date.

Procedure for issue of Sweat Equity Shares

1. **Issue notice of Board Meeting for alteration of Memorandum of Association (MoA), Articles of Association (AoA), if any, for issuing shares Sweat Equity Shares, valuation report of a Merchant Banker, relevant date and approval of notice for General Meeting/ Postal Ballot:[Ref: Section 14, 173 & SS-1]**

The Company has to issue 7 days' notice (shorter notice if any) for convening a board meeting to pass a board resolution for alteration of Articles of Association (AoA), if required, for issuing sweat equity shares, Valuation Report of a Merchant Banker, relevant date and notice of General Meeting/ Postal Ballot to decide cut-off date for dispatch notice of General Meeting/ Postal Ballot.

2. **Prior Intimation of Board Meeting and closure of Trading Window:[Ref: Reg. 29(1)(d) & (2) of LODR & read with Reg. 9 and Sch. B of PIT Reg. 2015] (Pdf and XBRL mode)**

The Company is required to intimate **at least 02 working days in advance**, excluding the date of the intimation and date of the meeting before the BoD Meeting to Stock Exchange(s), for issuing of sweat equity shares and closure of trading window.

3. **Update website of Company:[Ref: Reg. 46(3) read with reg. 30(8) of LODR] [Pdf mode]**

The Company has to update its website within 02 work days of change in its contents.

4. **Convene a Board Meeting:[Ref: Section 174 & SS-1]**

The Company has to convene BoD Meeting for passing a board Resolution for authorization for alteration of Articles of Association (AoA), if required, for approval to issue of sweat equity shares and valuation report, notice of General Meeting/ Postal Ballot and cut-off date for sending the notice.

5. **Submission of Outcome of BoD Meeting:[Ref: Reg. 30 read with Stock Exchanges' circulars][Pdf Mode]**

The Company has to submit the outcome of BoD Meeting with the Stock Exchange(s), within 30 minutes from conclusion of BoD Meeting.

6. **Advertisement in newspapers regarding GM being held through VC/ OAVM facility & e-voting facility:[Ref: MCA Circulars dated 05.05.2020, 08.04.2020 & 13.04.2020]**

The Company has to cause public notice by way of an advertisement to be published, **before sending the notice of General Meeting** for the meeting, but at least twenty-one days before the date of general meeting, at least once in a vernacular newspaper in the principal vernacular language of the district in which the registered office of the company is situated, and having a wide circulation in that district, and at least once in English language in an English newspaper having country-wide circulation.

7. **Submission of Newspapers' copies to Stock Exchange(s):**[Ref: Reg. 30(6) read with para 12 of part A Sch. III read with Annexure-II of SEBI Circular dated 13.07.2023][[Pdf mode](#)]

The Company has to submit copies of newspapers publication, within 12 hours from publication to Stock Exchange(s).

8. **Issue notice of General Meeting/ Postal Ballot along with Explanatory Statement for passing Special Resolution (In case of Employees) or Ordinary Resolution (In case of Promoter/ Promoters' Group):** [Ref: Sec. 101, 102, 110 and rule 18, 20 &22 of Companies (Management and Administration) Rules, 2014 and Reg. 44 of LODR 2015] [[Pdf mode](#)]

The Company has to issue **not less than clear 21 days' notice (shorter notice, if any)** of General meeting along with Explanatory Statement, to the Members available as on "Cut off" date decided by the Company.**[In case of approval is being obtained through Postal ballot process then, 30 days' notice, including the date of dispatch of notice, is applicable]**

9. **Submission of notice of General Meeting/ Postal Ballot along with explanatory statements to Stock Exchange(s):** [Ref: Reg. 30(6) read with para 12 of part A Sch. III read with Annexure-II of SEBI Cir. dated 13.07.2023] [[Pdf mode](#) ([XBRL mode after 24 hours](#))]

The Company has to file/ submit with Stock Exchange(s), notice of General Meeting/ Postal Ballot along with explanatory Statements, within 12 hours of issuance of notice to the Members.

10. **Update website of Company:**[Ref: Reg. 46(3) read with reg. 30(8) of LODR, 2015] [[Pdf mode](#)]

The Company has to update its website within 02 work days of change in its contents.

11. **Advertisement in newspapers regarding completion of dispatch of notice:** [Ref: Sec. 108, 110 and rule 20 &22 of Companies (Management and Administration) Rules, 2014 read with Reg. 47 of LODR, 2015]

The Company has to advertise in **at least 02 newspapers**, once in a vernacular newspaper in the principal vernacular language of the district in which the registered office of the company is situated and once in English language in an English newspaper having country-wide circulation, **immediately on completion of dispatch of notice.**

12. **Submission of Newspapers' copies to Stock Exchange(s):** [Ref: Regulation 30(6) read with para 12 of part A Schedule III read with Annexure-II of SEBI Circular dated 13.07.2023][[Pdf mode](#)]

The Company has to submit copies of newspapers publication, within 12 hours from publication to Stock Exchange(s).

13. **Prior intimation of e-voting facility provided through SMS/ Email by listed entities:**[Ref: Chapter VI-C of SEBI Master Circular dated 11.11.2024][[Applicable in case of AGM as per SEBI Master Circular, however, circular of NSDL/ CDSL covers both AGM & EGM](#)]

The depository shall send SMS/email alerts to the demat account holders, atleast 02 days prior to the date of the commencement of e-voting. [[This facilities shall be available to all individual shareholders holding the securities in demat mode](#)]

14. **Convene General Meeting:**[Ref: SS-2]

The Company has to pass **Special Resolution in case of Sweat Equity Shares are issued to Employees** and **Ordinary Resolution in case of Sweat Equity Shares are issued to Promoters or Promoters' Group.**

15. **Submit outcome of General Meeting/ Proceedings of General Meeting or Outcome of Postal Ballot:**[Ref: Reg. 30(6) read with Schedule III(A)(13) read with Annexure-II of SEBI Circular dated 13.07.2023] [[Pdf mode](#)]

The Company has to submit the proceedings of General Meeting including brief details of items deliberated and results thereof and manner of approval proposed for certain items (e-voting etc.) within 12 hours of General Meeting/Postal Ballot.

16. **Submission of Voting Results along with Scrutinizer's Report:**[Ref: Reg. 30 read with 44(3) of LODR, 2015 [[XBRL mode only](#)]]

The Company has to submit voting results along with Scrutinizer's Report, within 02 working days from conclusion of its General Meeting/Postal Results to Stock Exchange(s).

17. **Allotment of Securities:** [Ref: Rule 8(3) of Share Capital read with Reg. 32(4) of Employee Benefits Regulations]

The Company has allot Sweat Equity shares within 12 months of passing Special Resolution/ Ordinary Resolution.

18. File/ Submit of e-form SH-7 with RoC: [Ref: Section 42 & 62(1))(c) read with rule 13 of the Companies (Share Capital and Debentures) Rules, 2014][Pdf mode] [IF REQUIRED]

The Company has to file e-form SH-7, with Registrar of Companies (RoC), within 30 days of passing Ordinary Resolution in General Meeting/ Postal Ballot for increased in authorised share capital of the Company due to issuance of sweat equity shares.

19. Filing of e-form MGT-14 with RoC: [Ref: Sec. 117 read with rule 24 of Companies (Management and Administration) Rules, 2014] [Pdf mode]

The Company has to file e-form MGT-14, with Registrar of Companies (ROC), within 30 days of passing Special Resolution in General Meeting/ Postal Ballot for issuing shares on preferential basis.

20. Application for “In-Principle” Approval from Stock Exchange(s): [Pdf mode]

The Company has to submit an application to Stock Exchange(s) for obtaining in-principle approval for proposed allotment of sweat equity shares. The Stock Exchanges generally revert **within T+3 working days** of application. [List of documents is given at the end of this assignment]

21. Issue notice of Board Meeting for Allotment of Sweat Equity Shares:[Ref: Section 173(3)& SS-1]

The Company has to issue 07 days’ notice or shorter notice, if any, for allotment of Sweat Equity Shares.

22. Prior Intimation of Board Meeting for Allotment of Sweat Equity Shares: [Ref: Reg.29] [Pdf mode (XBRL mode after 24 hours)]

The Company has to intimate **at least 02 working days** (excluding the date of intimation and the record date) before date of board meeting scheduled for allotment of sweat equity shares to Stock Exchange(s).

23. Convene a Board Meeting: [Ref: Section 174 & SS-1]

The Company has to convene BoD Meeting and allot Sweat Equity Shares.

24. Submission of Outcome of BoD Meeting:[Ref: Reg. 30 read with Stock Exchanges’ circulars] [Pdf Mode]

The Company has to submit the outcome of BoD Meeting with the Stock Exchange(s), within 30 minutes from conclusion of BoD Meeting.

25. Submission of documents for Corporate Action to RTA: [After Obtaining In principle Approvals from Stock Exchange(s)]

The Company has to submit an application along with documents for execution of Corporate Action in Depositories System (NSDL & CDSL), to RTA.

26. Execution of Corporate Action and admission of Securities in Depositories System by RTA: [Issuance of Certificate of Credit Confirmation by Depositories]

The RTA has to admit the securities in Depositories System and execute corporate action (Debit/ Credit) in Depositories (NSDL & CDSL) System for all eligible employee & ensure the standing instructions of Lock-in restrictions remain duly complied. [NSDL/ CDSL credit confirmation by the RTA]

27. Submission of Statement: [Ref: Reg. 41]

The Company has to submit a Statement **within 07 days of allotment of sweat equity shares**, *inter-alia*, number, price, total amount of sweat equity shares issued; details.

28. Filing of e-form PAS-03 with ROC: [Ref: Section 39(4) read with rule 12(1) of the Companies (Prospectus and Allotment of Securities) Rules, 2014] [Pdf mode]

The Company has to file e-form PAS-03, with Registrar of Companies (ROC), within 30 days of allotment of sweat equity shares.

29. Final Application for admission of securities for listing and trading to Stock Exchange(s): [Pdf and XBRL mode]

The Company has to submit an application for admission of securities for listing and trading for sweat equity shares allotted to employees, to Stock Exchange(s) subject to Lock-in restrictions. [List of documents is given at the end of this assignment]

30. Update website of Company:[Ref: Reg. 46(3) of LODR, 2015] [Pdf mode]

The Company has to update its website within 02 work days of change in its contents.

31. Compliance Certificate to be placed at the upcoming Annual General Meeting: [Ref: Reg. 13]

The Board of Directors of the Company shall place at the Annual General Meeting, before the shareholders a certificate from the **Secretarial Auditor** of the company that the scheme(s) has been implemented in accordance with these regulations and in accordance with the resolution of the company in the General Meeting.

Documents required for Corporate Action (NSDL)

1. Certified true copy of the Shareholders' Resolution approving the issue of sweat equity shares.
2. Certified true copy of the Board Resolution for allotment of sweat equity shares.
3. Copies of the letters of "in-principle" listing approvals of the stock exchanges obtained.
4. Corporate Action Information Form (for shares) duly filled as per prescribed format.
5. Confirmation stating that the new shares are pari-passu in all respects with the existing shares and the same ISIN number should be allotted).
6. Reconciliation statement of equity shares as per shareholder's approval.
7. Certificate from the Merchant Banker confirming that the relevant SEBI guidelines for the sweat issue have been complied with.
8. Corporate action and Document processing fees.
9. Name confirmation letter from RTA.

Documents required for Corporate Action (CDSL)

1. Certified true copy of the Shareholders' Resolution approving the issue of sweat equity shares.
2. Certified true copy of the Board Resolution for allotment of sweat equity shares.
3. Copies of the letters of "in-principle" listing approvals of the stock exchanges obtained.
4. Details of Allotment / Corporate Action Information.
5. Reconciliation Statement. **(If listing approval received for maximum allotment)**
6. Request letter from the RTA for submission of file for allotment.
7. Corporate Action Information Form (for shares) duly filled as per prescribed format.
8. Confirmation stating that the new shares are pari-passu in all respects with the existing shares and the same ISIN number should be allotted).
9. Certificate from the Merchant Banker confirming that the relevant SEBI guidelines for the sweat issue have been complied with.
10. Corporate action and Document processing fees.

Documents required for “In-Principle approval” prior to issue and allotment of Sweat Equity Shares (NSE)

1. Covering letter for “In-principle approval” for issue and allotment of Securities on a preferential basis under Regulation 28(1) of the SEBI (LODR), Regulations, 2015.
2. Certified copy of the resolution passed by the Board of Directors of the company for approving the issue of Sweat Equity Shares.
3. Certified True copy of notice of AGM/ EGM/ Postal Ballot along with explanatory statement for approving the issue of Sweat Equity Shares.
4. Certified copy of the resolution passed by the shareholders at the AGM/ EGM/ Postal Ballot approving the issue.
5. Confirmations from the Company as per the format.
6. Certificate from Statutory Auditors / Practicing Chartered Accountant / Practicing Company Secretary confirming the Pricing of the issue along with the detailed working of the same. Further, the certificate shall specify the Stock exchange on which the highest trading volume in respect of the equity shares of the issuer has been recorded during the preceding 90 trading days prior to the relevant date.
7. The Valuation Report duly certified by the Merchant Banker as required under Regulation 34 of SEBI (Share Based Employee Benefits and Sweat Equity) Regulation, 2021.
8. Certificate from the Independent Chartered Accountant confirming that the Valuation is in accordance with the relevant accounting standards, duly certified by the Merchant Banker.
9. In case the Articles of Association of the issuer provides for an alternate method of determination of price in case of further issue of capital, which would be higher than the floor price derived through SEBI regulations, then kindly provide the detailed working of the same (e.g. valuation from an independent registered valuer).
10. Certified copy of recommendation from a committee of independent directors of the issuer after considering all the aspects relating to the sweat equity share issue including pricing, and the voting pattern of the said committee’s meeting, in case the issue of sweat equity shares results in change in control of the issuer. (Regulation 166A).
11. Scrutinizer report if allotment of sweat equity shares is to promoter or promoter group.
12. Non-refundable processing fees as mentioned below to be paid as per applicable rate through **Online Payment Gateway (via Net Banking Facility) in Listing Centre portal** or through Cheque /DD favoring “The National Stock Exchange of India Limited”
 - Main Board: 0.03% of the Issue Size, subject to a minimum fee of Rs 3 Lacs and a maximum of Rs. 6 Lacs plus applicable tax.

Documents required for “Listing Approval” of Sweat Equity Shares (NSE)

1. Application for “Listing Approval” Sweat Equity Shares allotted to the employees.
2. Certified copy of the resolution passed by the Board of Directors for allotment of Sweat Equity Shares.
3. Certified copy of the resolution passed by the Board of Directors for allotment of Sweat Equity Shares.
4. Certified copy of the resolution passed by the Board of Directors for allotment of Sweat Equity Shares.
5. Confirmation from the Company as per prescribed format.

Links of all circulars mentioned under this assignment:

NSE Master Circular dt. 29.04.2024:	https://nsearchives.nseindia.com/web/sites/default/files/inline-files/NSE_circular_290424_0.zip
BSE Master Circular dt. 30.04.2024:	https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20240430-5
BSE Circular dt. 16.02.2023:	https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20230216-2
NSE Circular dt. 16.02.2023:	https://nsearchives.nseindia.com/web/sites/default/files/inline-files/NSE_Circular_16022023_F.pdf
SEBI Circular dt. 03.03.2023:	https://www.sebi.gov.in/legal/circulars/feb2023/mannerofachievingminimumpublicshareholding_67801.html
SEBI Master Circular dt. 11.11.2024:	https://www.sebi.gov.in/legal/master-circulars/nov-2024/master-circular-for-compliance-with-the-provisions-of-the-securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-regulations-2015-by-listed-entities_88388.html
SEBI Circular dt. 13.07.2023:	https://www.sebi.gov.in/legal/circulars/jul-2023/disclosure-of-material-events-information-by-listed-entities-under-regulations-30-and-30a-of-securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-regulations-2015-73910.html
SEBI LODR, 2015 (10.07.2024):	https://www.sebi.gov.in/legal/regulations/jul-2024/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-regulations-2015-last-amended-on-july-10-2024-84817.html
SEBI ICDR, 2018 (17.05.2024):	https://www.sebi.gov.in/legal/regulations/may-2024/securities-and-exchange-board-of-india-issue-of-capital-and-disclosure-requirements-regulations-2018-last-amended-on-may-17-2024-80421.html
SEBI Insider Reg. 2015 (06.12.2024):	https://www.sebi.gov.in/legal/regulations/dec-2024/securities-and-exchange-board-of-india-prohibition-of-insider-trading-regulations-2015-last-amended-on-december-06-2024-89497.html

Thank you so much & best wishes for future

Sharing is caring...

Shree Radhe Krishna...

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