

ESOP Benchmarks 2026

How Much Equity Are Indian Startups Giving?

Data from 50+ advisory engagements

BY CA ADITYAVIKRAM BANKA



Pre-Seed / Bootstrapped

At the earliest stage, equity is your most powerful recruiting tool — but the pool is informal and highly negotiated.

Technical Co-founder

5–15%

Foundational stake for a true co-builder of the product

First CTO Hire

2–5%

Senior technical leader joining before product-market fit

Key Early Employees

0.5–1.5% each

Engineers, designers, and early operators taking the risk

Total ESOP Pool

Not formalised yet

Use Phantom Stock until the cap table is structured



Seed Stage

Once you have your first institutional round, equity grants become more structured and benchmarked against market norms.

ESOP Pool Target

8–12%

of fully diluted capital — board-approved and reserved for key hires

CTO Hire

1.5–3% — leading all of engineering from scratch

VP Engineering

1–2% — building and managing the engineering team

Head of Sales / Marketing

0.5–1.5% — driving early revenue and GTM strategy





Series A+

At Series A and beyond, valuations are higher and equity percentages compress — but the absolute value of each grant is significantly larger.

1

CTO

0.5–1.5%

Scaling engineering org across multiple product lines

2

VP-Level Hires

0.25–0.75%

Functional leaders across product, sales, marketing, and ops

3

Senior Engineers

0.1–0.3%

Individual contributors with high technical impact



Total ESOP Pool: 10–15% of fully diluted capital — expanded to accommodate a growing team and future hires

The Golden Range

Across all stages and deal types, one number keeps appearing in well-structured Indian startups.

10%

Most Common Pool Size

The sweet spot across all stages of Indian startup equity plans

7.5%


Conservative Floor

Minimum viable pool — anything below signals weak talent commitment

15%

Aggressive Ceiling

High-growth startups competing for top-tier talent in a hot market

 **Anything below 7.5%** signals you are not serious about talent retention — candidates and investors will notice.

Structure Matters More Than the Number

The percentage on paper means very little without understanding the instrument behind it. Two grants with similar intent can produce completely different outcomes for your employee.

3% via ESOP

Exercise price: ₹100/share

Employee pays cash upfront at exercise. Holds illiquid shares with no guaranteed exit. Tax event triggered at exercise.

2% via Phantom Stock

Exercise price: Zero

Employee receives pure cash at exit event. No upfront payment. No illiquid share holding. Clean and simple payout.

Same equity intent. **Completely different outcome.** Choose your instrument based on what your employee actually needs — not just what's easiest to grant.



The 3 Mistakes to Avoid

These are the most common — and most costly — errors CA Adityavikram Banka sees across Indian startup equity plans.

1 Granting at Face Value (₹10/share)

Tax authorities can reclassify the grant as a perquisite based on fair market value, not face value. Always get a registered valuer report to set a defensible exercise price.

2 No Vesting Cliff

Without a minimum 12-month cliff, employees can resign at month 3 and walk away with vested equity. A cliff protects the company and aligns incentives from day one.

3 No Clawback Clause

What happens when a vested employee resigns, joins a competitor, or is terminated for cause? Without a clawback clause, you have no recourse. Define it upfront in every grant letter.

Your Equity Plan Checklist

Before you issue a single grant letter, make sure every item on this list is in order. Missing even one can create legal, tax, or governance risk.

01

Fully Diluted Cap Table Updated?

Ensure all existing shares, warrants, convertible notes, and prior ESOP grants are reflected accurately before sizing the new pool.

02

ESOP Pool Approved by Board + Shareholders?

The pool must be formally approved via board resolution and shareholder consent — verbal agreements are not sufficient.

03

Registered Valuer Report for Exercise Price?

A SEBI-registered or RBI-approved valuer must certify the fair market value used to set the exercise price for each grant cycle.

04

Individual Grant Letters with Vesting Schedule?

Every employee must receive a signed grant letter specifying the number of options, exercise price, vesting schedule, and cliff period.

05

Clawback and Acceleration Clauses Defined?

Specify what happens to unvested and vested equity on resignation, termination, acquisition, or IPO — before any of these events occur.

Want a Custom Equity Plan for Your Team?

Every startup's equity story is different. Get a plan built specifically for your stage, team structure, and investor expectations.



Book a Strategy Call

30-minute session to map out your ESOP structure, pool size, and grant strategy



Free ESOP Cheat Sheet

Comment "**EQUITY**" to receive the free ESOP Benchmark Cheat Sheet — benchmarks, templates, and red flags in one page

[Book Your Free Strategy Call](#)

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