

ESOP Pool Ranges for Indian Startups

Our recommended pool sizes, grants for key hires and vesting terms, stage by stage

How much equity to set aside, and how much to give each hire, is one of the first ESOP questions a founder faces. Set it too low and you cannot hire the people you need. Set it too high and you give away ownership you will want at your next round. These are the ranges we recommend as a starting point. Where you land inside a range depends on your hiring plan, your cash salaries and the terms of your round, and Part 5 shows how to decide.

How to read these ranges: every pool figure is a share of fully diluted capital, and every grant figure is a share of the company at the time of the grant. They are our recommendations for Indian startups, not a legal requirement and not advice for any specific company.

Part 1: How big should the pool be?

Stage	Recommended pool	What it needs to cover
Pre-seed	8% to 12%	Your first senior hires and early engineers
Seed	10% to 15%	The core team you will hire over the next 18 to 24 months
Series A	10% to 15%	Leadership hires and the growth team
Series B and later	8% to 12%	Senior leadership, refresh grants and retention

- ☐ **Size the pool to your hiring plan, not to a round number.** List the roles you will hire before the next round and the grant each will need, then add a buffer for refresh grants.
- ☐ **Expect a top-up at each priced round.** Investors may ask for the pool to be topped up before they come in, so the dilution falls on existing shareholders. Model it before you sign the term sheet.

Part 2: How much for each key hire?

Role	Stage	Recommended grant
First senior hire, including a first non-founder CTO	Pre-seed to seed	0.5% to 1.5%
Early engineers (hires 2 to 10)	Pre-seed to seed	0.05% to 0.5%
CXO hire	Series A	0.8% to 1.5%
VP hire	Series A	0.3% to 0.8%
VP hire	Series B	0.2% to 0.7%

- ☐ **Earlier and riskier means more equity.** The same role gets a larger grant at seed than at Series B, because the shares are worth less and the risk is higher.
- ☐ **Grant to the role, not the negotiation.** Fix a band for each level so that two people in the same role are not far apart. Gaps surface quickly in a small team.

Part 3: Vesting and exercise terms

- ☐ **Four years with a one-year cliff.** This is the term we recommend, and in India the law already requires at least one year between grant and vesting.
- ☐ **Vest monthly or quarterly after the cliff,** so that people who leave take only what they have earned.
- ☐ **Choose the exit window on purpose.** Tax is triggered when an employee exercises, not when they sell (eligible startups can defer the employee's tax). A short window after leaving can force a departing employee to pay tax on shares they cannot sell. For long-serving employees, we recommend allowing exercise until a liquidity event or for a longer fixed period.
- ☐ **Write every term into the plan:** the cliff, the vesting schedule, the exit window and what happens on resignation, termination or death.

Part 4: Refresh grants

- ☐ **Plan refresh grants from year two** for the people you most want to keep, at about a quarter to a third of a new-hire grant for the same role.
- ☐ **Keep room in the pool for them.** Refresh grants can use a large share of the pool as the team matures, so budget for them when you size it.

Part 5: Where should you land inside a range?

Move towards the higher end if	Move towards the lower end if
Your cash salaries are below market	You pay close to market salaries
You need senior leaders early	Your hiring plan is lean
You compete for talent with well-funded startups	You have just raised a large round and hiring is funded
The next round is a long way off	The next round will top up the pool

The pool size is the easy part

Once you know the numbers, the plan still has to be approved, granted, registered, taxed and, where people are outside India, reported under FEMA. Our **ESOP Design + Tax Checklist** walks through each of those steps in order: asbanka.com/hub/esop-checklist.html

A S Banka Advisors Private Limited designs ESOP plans for Indian startups end to end: the pool, the plan document, the approvals and grant letters, the tax position for your team, and the FEMA reporting when your ESOP crosses a border. Every plan is **reviewed by our experts**.

Not sure how big your pool should be?

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These are our recommended ranges as a starting point for Indian startups, not a legal requirement and not advice for any specific company. The right pool and grants for your company depend on your hiring plan, your round and your team; we set them for your company as part of the engagement.