INVESTMENT TERM SHEET

This Term Sheet (“**Term Sheet**”) summarizes the principal terms of a proposed investment by Investors in The Company. The completion of the transaction contemplated by this Term Sheet will be subject to, among other things, completion of a satisfactory due diligence, execution of binding agreements and completion of conditions to Closing. This Term Sheet is not legally binding, except for the provisions on Confidentiality, Exclusivity, Expenses and Dispute Resolution, which provisions will also survive any termination of this Term Sheet. This Term Sheet does not constitute an offer to purchase any securities of the Company or create any obligation on the Investor to consummate the transaction contemplated herein.

|  |  |
| --- | --- |
| **Key term** | **Particulars** |
| **Company** | The Company |
| **Founder(s)** |  |
| **Investor** | (“Investors”) |
| **Investment details** | The Investors shall invest INR \_\_\_\_\_ at a pre-money valuation of INR \_\_\_\_  The Investors shall be allotted equity shares against the investment on a fully diluted basis. Current and post-closing shareholding pattern will be as set out in Annexure 1. |
| **Board and Observer Rights** | Investors will have the right to nominate a non-voting observer on the Board or any committee constituted by the Board. |
| **Affirmative Voting** | Investors will have standard veto rights on all key matters. The list of affirmative voting matters will be as set out in Annexure 2. Decisions on these matters, whether in a shareholders meeting or at a board meeting, would require the affirmative vote of the Investor Director. |
| **Voting Rights** | Voting rights shall be same as on existing equity shares. |
| **Liquidation Preference** | Upon occurrence of a Liquidity Event, the Investor would be entitled to receive 1x participating liquidation preference.    ‘Liquidity Event’ will include (i) a dissolution or winding up of the Company; or (ii) sale, transfer, consolidation, merger or any other transaction, which results in a change of control and/or a disposal of all or substantially all of the assets of the Company. |
| **Anti-dilution** | Investors shall have standard broad-based weighted-average anti-dilution rights. |
| **Pre-emptive Right** | In any future issuance of equity or equity-linked securities, the Investors will have right to participate on a pro rata basis. |
| **Right of First Refusal & Tag Along** | The Investors will have the right of first refusal to purchase all or any securities proposed to be sold by the Founders or other shareholders at the same price and terms as offered to a proposed purchaser.  In the event that an Investor does not exercise its right of first refusal, the selling shareholder will be entitled to sell his shares on terms which are not more favourable than those offered to he Investor.  In the event that an Investor does not exercise its right of first refusal and the seller is a Founder, then such Investor may exercise pro rata tag along rights with the selling Founder, provided that if the sale will result in a change of control, such Investor shall be entitled to tag along all its shares. |
| **Founder Stock Vesting** | All shares held by the Founders and other employees will vest over 4 years from Closing, with a one-year ‘cliff’ and yearly vesting thereafter. |
| **Founder lock-in** | Founder(s) will not be entitled to transfer their shares without the prior approval of the Investor. |
| **Non-compete and Non-Solicit** | Founders will undertake customary non-compete and non-solicit undertakings; and will work exclusively for the Company. |
| **Events of Default** | The Definitive Agreements will set out customary events of default and consequences, including acceleration of exit rights. |
| **Warranties / covenants/ Indemnities** | Standard representations, warranties, covenants and indemnities will be provided from the Company and Founders to the Investors. |
| **Auditor** | The Company will appoint a statutory auditor or such other auditor as acceptable to the Investors.  The Company will appoint an internal auditor acceptable to the Investors. |
| **Information / Inspection Rights** | The Investors will be entitled to standard information rights, including MIS, monthly, quarterly and annual financials/ reports. The Investors will also be entitled to inspection and audit rights subject to providing reasonable notice. |
| **Transfer Rights** | The Investors will have the right to freely transfer its shares and assign its rights, except to a list of identified competitors. |
| **Exclusivity** | For a period of 60 days from the date hereof, the Company and the Founders agree that they will not, directly or indirectly, discuss, or continue to discuss, negotiate or enter into any agreement with any third party for the purpose of raising capital. |
| **Confidentiality & Validity** | Except as otherwise agreed with the other parties, each party agrees not to disclose the provisions this term sheet or its existence to anyone other than its affiliates and its/ their employees, officers, directors and advisors.  This term sheet will be valid for 6 months from the date of signing. |
| **Governing Laws and Dispute Resolution** | The laws of India will govern this term sheet and the Definitive Agreements executed pursuant to it.  All disputes between parties in relation to this term sheet will be subject to arbitration by a sole arbitrator under the SIAC rules. The venue of the arbitration will be Bengaluru.  Subject to the arbitration provision above, all disputes between parties in relation to this term sheet will be subject to the exclusive jurisdiction of courts in Bengaluru. |

**SIGNATURE PAGE TO THE TERM SHEET DATED \_\_\_\_\_\_\_\_\_\_\_.**

**For The Company.**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name:

Authorised Signatory

**Founder 1**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Founder

Authorised Signatory

**Founder 2**

Founder

Authorised Signatory

**Investors**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name:

Authorised Signatory

**Investors**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name:

Authorised Signatory

**ANNEXURE I**

**1 - Pre Round Shareholding**

|  |  |  |
| --- | --- | --- |
| **S No** | **Name / Entity** | **% Holding** |
| 1 |  | 50% |
| 2 |  | 50% |
| **Total** | | **100.0%** |

**2 - Shareholding Pattern Post Closing**

|  |  |  |
| --- | --- | --- |
| **S No** | **Name / Entity** | **% Holding** |
| 1 |  | 37.04% |
| 2 |  | 37.04% |
| 3 |  | 12.96% |
| 4 |  | 12.96% |
| **Total** | | **100.0%** |

**ANNEXURE 2**

**List of Affirmative Voting Matters**

1. Any amendment or change of the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of the Investors under the Definitive Agreements, including actions affecting the Investor Shares;
2. Any decision to make an IPO or list the shares of the Company on any stock exchange;
3. Any action or authorization for issuance of fresh equity shares or equity linked instruments (including preference shares, convertible debentures, warrants or any other quasi equity instrument) in any manner, including ESOP, rights issue, preferential allotment, bonus issue and additional issue of any class or series of stock;
4. The liquidation, dissolution, disposition, sale, license or transfer of all or substantially all of the assets of the Company including intellectual properties;
5. Declaration or payment of any dividend or the redemption or repurchase of any securities;