



## TERM SHEET

This non-binding term sheet (the “**Term Sheet**”) executed on [•] summarizes the principal terms and conditions for the proposed investment (“**Proposed Transaction**”) in [•], a company incorporated in [•] and having its registered office at [•] (“**Company**”) as detailed further. This Term Sheet has been entered to facilitate negotiations for the Proposed Transaction and is an expression of intention only and does not constitute an offer, agreement, agreement in principle, agreement to agree or commitment to provide financing. Nothing contained herein shall constitute an offer to buy or sell the securities described in this document.

### **Transaction Details**

- |    |                    |   |
|----|--------------------|---|
| 1. | <b>Business</b>    | The Company is presently engaged in [•].                |
| 2. | <b>Founder(s)</b>  | [•]   |
| 3. | <b>Investor(s)</b> | pi Ventures (“ <b>pi</b> ” or “ <b>Lead Investor</b> ”) |

### **Terms of Investor Securities**

- |    |   |  |
|----|---|--|
| 4. | <b>Current Capital Structure</b>        | The current paid up and issued share capital of the Company is set forth in <u>Schedule 1A</u> hereto. The shareholding pattern of the Company post closing of the Proposed Transaction is set forth in <u>Schedule 1B</u> .   |
| 5. | <b>Valuation</b>                        | The pre-money valuation of the Company is [•]  |
| 6. | <b>Investment Amount</b>                | [•]  |
| 7. | <b>Investment Instruments and Price</b> | <p>The investment will be made through subscription to equity shares and compulsorily convertible preference shares (“<b>Seed Preference Shares</b>”).</p> <p>The Seed Preference Shares, the equity shares and any other shares subscribed to by the Investors from time to time, shall hereinafter be referred to as the “<b>Investor Securities</b>”.</p> |
| 8. | <b>Liquidation Preference</b>           | 1x (Investment Amount in relation to Seed Preference Shares), non-participating liquidation preference.  |

### **Key Considerations**

- |     |                                   |   |
|-----|-----------------------------------|---|
| 9.  | <b>Board of Directors</b>         | The Lead Investor shall have the right to nominate 1 person to be appointed as director on the board (“ <b>Lead Investor Director</b> ”) and 1 nominee of the Lead Investor shall be appointed as an observer on the board.   |
| 10. | <b>Reserved Matters</b>           | Prior consent of the Lead Investor would be required for making decisions in respect of certain operational, strategic, governance, investments and exit matters at board, shareholder and committee meetings, etc. A detailed list of reserved matters customary for similar transactions shall be provided under the Definitive Agreements. |
| 11. | <b>Employee Stock Option Pool</b> | The Company shall create an employee stock option pool of [•], based on the post-closing shareholding of the Company on a fully diluted basis, which shares shall be granted to the present and future employees of the Company. It is  |



clarified that the Lead Investor will not be required to dilute their shareholding for the purpose of creating the aforementioned pool.

- 12. Restriction on Founder Shares** 4 years vesting curve with one year cliff and quarterly vesting post that.
- Transfer of shares by the Founders will be subject to the consent of the Lead Investor and the right of first refusal of the Lead Investor as well as a tag-along right of the Investors. The Investors shall have a full tag along right in the following instances:
- (a) transfer of more than fifty percent (50%) of the Founders' shareholding of the Company, and/or
  - (b) Any change of control transaction.
- 13. Shareholders' Rights** The Lead Investor will have rights, which are customary for series seed financings, including dividends, voting, conversion rights, broad-based anti-dilution protection, pre-emptive rights, management rights, information rights, rights of first refusal and co-sale rights, and inspection rights. All the existing agreements between the shareholders of the Company shall be superseded by the new shareholders' agreements.
- 14. Transfer of Shares by Investors** Except for a transfer to any of the company's competitors until the Exit Period, the Investors will have the right to sell any part of the Investor Securities held by them in the Company to any person. The term competitor shall be defined under the Definitive Agreements.
- 15. Exit** The Company and the Founders shall take reasonable efforts to provide a full exit to the Investors by way of a Qualified IPO, third party sale, buy-back, etc., in the manner and on terms acceptable to the Lead Investor within a period of 5 years from the Closing Date ("Exit Period"). Detailed terms shall be as captured in the Definitive Agreements.
- 16. Drag Along** If an Exit has not been provided to the Investors within 5 years from the Closing Date, the Lead Investor shall have the right to compel some or all of the Company's shareholders to participate in a trade sale/drag sale which may be by way of sale of the Company's shares to a purchaser identified by the Lead Investor.
- 17. Consequences of Event of Default** In case an Event of Default is committed by a Founder, pi shall be entitled to:
- (a) exercise drag along rights;
  - (b) require the buyback of the securities held by all the Investors at fair market value.

The term "events of default" shall be defined under the definitive agreement.

#### **Other Rights**

- 18. Conditions to Closing:** Closing will be conditional upon the satisfaction or waiver by the Lead Investor of customary conditions precedent identified in the Definitive Agreements which shall inter alia include: (i) obtaining all approvals by the Company in relation to the transaction (ii) completion of financial and legal due diligence by the Lead Investor; (iii) execution and delivery to the Lead Investor a side letter with respect to its E&S obligations; and (iii) such other condition precedents identified in the Definitive Agreements as may be required by the Lead Investor based on the due diligence findings.



19. **Covenants** The Company (including its subsidiaries) shall adopt and implement policies on principles of responsible investment, including environmental, social, and corporate governance, anti-bribery and anti-money laundering, whistle blower policies.
20. **Representation and Warranties and Indemnity** The Company and the Founders will provide standard representations, warranties and indemnities acceptable to the Investors and customary for transactions of this kind.
21. **Founder Non Compete, Non hire and Non Solicit** The Founders shall not engage, or commence any new business that would compete with the Company and shall not solicit clients, customers or employees of the Company until the later of (i) 24 months from the Founder ceasing to be a shareholder in the Company; or (ii) 24 months from the last working day of the Founder upon termination of employment (with or without cause) with the Company. The Definitive Agreements shall contain detailed non-compete, non-hire and non-solicit clauses as are customary in transactions of this nature.
22. **D&O Insurance** The Company will, within 90 days of the Closing Date obtain suitable D&O insurance for pi's representatives on its board.

#### Other Terms

23. **Definitive Agreements** The investments will be made pursuant to a Share Subscription Agreement and a Shareholders' Agreement and such other documents that may be mutually agreed upon to be executed by the Company, the Founders and the Investors
24. **Confidentiality** The terms and conditions of the Proposed Transaction, including its existence, would be confidential information and would not be disclosed to any third party by the Company or the Investors except as provided. Post the Closing Date, the Investors and the Company would be able to disclose the existence of the equity financing, but not its pricing, shareholding percentage or any other terms and conditions. In the event of a disclosure required by applicable law, including by regulatory bodies, the disclosing party would use all reasonable efforts (and cooperate with the other party's efforts) to obtain confidential treatment of materials so disclosed.
25. **Exclusivity** For 60 (Sixty) days from the date of execution of this Term Sheet, the Company and the Founders will not initiate, continue, respond to, or participate in any way, in any discussions regarding, or accept any proposal for, any equity financing or sale of the Company other than with the Lead Investor. The exclusivity period may be extended by mutual agreement in writing.
26. **Expenses** All costs and expenses incurred by pi in connection with any discussions, negotiations, investigations and diligence undertaken in connection with the subject matter hereof and preparation and execution of the Definitive Agreements shall be borne by the Company subject to a maximum of INR [●].
27. **Governing Law** This term sheet shall be governed by the laws of India
28. **Binding Nature** It is hereby expressly agreed between the parties that the terms and conditions set forth in this Term Sheet are not legally binding on the Parties, save and except to the extent specifically stated herein. Notwithstanding anything



contained herein, the Clauses 28 to 33 (both inclusive) of this Term Sheet, shall be legally binding on the parties.

**29. Validity**

The Term Sheet shall expire automatically at 12:00 am on [●], unless signed by the Company and Founders prior to such expiry.

This Term Sheet shall terminate automatically if Definitive Agreements are not executed within the exclusivity period (as may be extended).

*[Signature page follows.]*



### Signature Page

Accepted and agreed:

<b>For and on behalf of the Company</b>  <b>Name:</b>  <b>Designation:</b>	
<b>By Founder [•]</b>	
<b>By Founder [•]</b>	
<b>For and on behalf of Lead Investor</b>  <b>Name:</b>  <b>Designation:</b>	



**Schedule 1A**

**Shareholding Pattern (Current)**

	<b>Shareholding Percentage</b>
[•]	[•]
[•]	[•]
Total	100.00%

**Schedule 1B**

**Shareholding Pattern (Post Closing)**

	<b>Shareholding Percentage</b>
[•]	[•]
[•]	[•]
[•]	[•]
[•]	[•]
[•]	[•]
Total	100.00%