

**TERM SHEET for investment in
PRIVATE LIMITED**

Date –

The intent of this document is to describe the principal terms of the proposed investment by members of Lead Angels Network ("**Investors**") in M/s. _____ Private Limited ("**Company**"). The obligations of the Investors outlined in this document are subject to satisfactory completion of due diligence, internal approvals of the Investors and execution of appropriate definitive agreements (the "**Definitive Agreements**").

Investors agree to make investment in the Company (as defined hereinafter) on the terms and conditions detailed below:

A. Issuer	M/s. _____ Private Limited (" Company ")	
B. Definitions & General Provisions	Rs. shall mean Indian Rupees corrected to the closest rupees.	
1. Promoters	(a)	
2. Investors	Name	Amount (in Rs. Lakhs)
	TOTAL	
	The Investors herein above shall have rights in their individual capacity as well as a group. Any decision pertaining to rights associated with the group such as the issue of company being acquired, sale of shares, nomination of board member, etc., shall be taken by a simple majority vote of the Investors and all Investors shall abide by the majority decision.	
3. Proposed Transaction	The total investment will amount to Rs. ___ Crore in "Company" towards Preference Equity Shares at a pre-money valuation of Rs. ___ Crores.	
4. Valuation	The pre-money valuation of the Company will be Rs. ___ Crores.	
5. Staged Investment	The investment shall be on a single tranche basis, not exceeding Rs ___ Crores in one bullet payment and execution of definitive agreement. "This will be referred to as the " Investment Amount "	
6. Use of Proceeds	The Promoters and the Company agree that the Investment Amount shall be utilized in line with the agreed Business Plan.	

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7. Securities to be Issued	The Company shall issue Preference Shares in lieu of the Investment Amount.															
8. Terms of Investor Shares	<ul style="list-style-type: none"> • The above preference shares shall carry an annual coupon of 0.001% payable in cash until the date of conversion. • <u>Dividend rate</u>: The same as is declared for the equity shareholders and calculated on an as converted basis. The Dividend on the Preference shares shall be Non-Cumulative. • <u>Priority in Payment</u>: Pari-passu with other series of preference shares when issued and senior to common shares. 															
9. Current Shareholding Pattern (Pre-Investment)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;">Name</th> <th style="width: 20%;">No. of Shares</th> <th style="width: 20%;">Ownership [%]</th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr> <td>Total</td> <td> </td> <td>100%</td> </tr> </tbody> </table>	Name	No. of Shares	Ownership [%]										Total		100%
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10. Post Investment Capitalization Table (Fully Diluted)	<p>Immediately following completion of the Proposed Transaction at a total investment of Rs. __ Cr. as the case may be, the share capital of the Company shall be constituted as set out below. In case the investment is less/more the same shall be adjusted on pro-rata basis:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;">Name</th> <th style="width: 20%;">No. of Equity / Preference Shares</th> <th style="width: 40%;">Ownership [%]</th> </tr> </thead> <tbody> <tr> <td>YYY ZZZ</td> <td> </td> <td> </td> </tr> <tr> <td>Investors - Through Preference Capital - Post Conversion Holding</td> <td> </td> <td> </td> </tr> <tr> <td>ESOP</td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Name	No. of Equity / Preference Shares	Ownership [%]	YYY ZZZ			Investors - Through Preference Capital - Post Conversion Holding			ESOP					
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11. ESOP	The stock option pool will be created based on the terms to be agreed between the Promoters and Investors before the completion of this investment so as to comprise 10% of the company's total share capital on a fully diluted basis. Further, it is agreed between the Parties that the Investors stake shall not get diluted due to ESOP.															
12. Expected Date of Closing	Closing for investment shall occur within 60 days after the execution of the Definitive Agreements.															
13. Promoter's and Senior Management Team Commitment	(a) The Promoters and senior management team will enter into employment agreements with the Company prior to execution of the Definitive Agreements. The agreements will include standard															

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	<p>clauses like non-compete, non-solicitation, confidential information and invention assignment to the satisfaction of the Investor. It is agreed between the Parties that the Promoters shall work full time for the Company and shall not engage in any other business.</p> <p>(b) Subject to clause 13(a), Promoters agree not to leave the services of the Company for a minimum period of five (5) years from the date of the closing. Any exception to this will require written consent from the Investors.</p> <p>If any Promoter leaves the Company before this timeframe, in case of death/ disability, vested shares will be transferred to next of kin. In case of exit due to any other reasons, if the Investor Directors agree that it is with good cause, the exiting promoter can still retain their vested shares. Else, the exiting Promoter will have to sell their vested equity to the company which will be utilized in the ESOP.</p> <p>(c) Promoters agree not to sell, transfer or encumber their shares in the Company until Investors get exit in terms of this Term Sheet and the Definitive Agreements (“Lock-in Period”). The promoters shares will vest over a period of four years from closing, with 6.25% of shares vesting at the end of each subsequent quarter.</p> <p>(d) Promoters and the Company have developed and/or own certain technologies, inventions and other intellectual property (collectively, “Intellectual Property”), Promoters agree that they shall legally protect and assign all such Intellectual Property to the Company before the closing of this investment.</p>
<p>14. Liquidation Preference</p>	<p>In case of Liquidation Event, the Preference Shares shall enjoy customary preferred rights with respect to liquidation preference. Liquidation Preference shall be 1x of the amount invested by the Investor with 1x participation rights.</p> <p>Except for a Qualified IPO or a Strategic Sale, a sale, merger or consolidation of the Company in which its shareholders do not retain a majority of the voting power in the surviving company, or a sale of all or substantially all the Company’s assets or liquidation, dissolution or winding up of the Company, would each be deemed to be a “Liquidation Event”.</p> <p>“Qualified IPO” means closing of an underwritten public offering of equity shares of the Company, whereby the equity shares of the Company are listed and admitted for trading on any stock exchange at a final price which offers the Investors the Minimum Valuation as defined in clause 16(b) below.</p> <p>“Strategic Sale” means sale of majority shareholding (>50%) of the Company for cash or listed securities as approved by the Investor. Such sale offers the Investor, the Minimum Valuation as defined in clause 16(b) below.</p> <p>Nothing contained in this clause shall apply to a sale or transfer of the</p>

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	shares or assets of the Company if the Investors have provided their prior written consent to such sale or transfer.
15. Anti-Dilution	Any future issue of equity shares or convertible securities by the Company shall not be on the terms more favorable (including as to price) than those offered to the Investors. With the prior written consent of the Investors, if the Company proposes to issue equity shares or convertible securities on a preferential basis at a pre-money valuation which is lower than the issue price paid by the Investors, then the Investors shall be entitled to such further shares of the Company such that the pre-money valuation of the Investors becomes equal to the valuation based on which the fresh issue of shares or convertible securities is proposed to be made by the Company. Such issue of additional shares to the Investors shall be made simultaneously with the fresh issue of shares by the Company.
16. Exit & Other Terms	<p>(a) <u>IPO or a Strategic Sale</u>: At any time after April 2023, the Investors may require the Company to make a Qualified IPO or a Strategic Sale provided a Qualified IPO or a Strategic Sale can be executed. In such event, the Company and the Promoters shall do all acts necessary to execute the IPO or the Strategic Sale successfully.</p> <p>(b) <u>Buy Back</u>: In the event the Company has not completed a Qualified IPO or a Strategic Sale, by October 2023, the Investor at its option may require the Company to provide the exit to the Investor by way of buy back at the higher of:</p> <ol style="list-style-type: none"> i. Fair Market Value (as per independent valuation by Investment Banker(s) of international repute), OR; ii. An amount equal to 2 times their investment; OR iii. The return of the investment with an IRR of 25% from the date of investment till the date of exit (“Exit”). (such amount shall hereinafter be referred to as “Minimum Valuation”). <p>In the event that the Company is unable to buy back the Investor’s stake, the Promoters shall make best efforts to find a buyer for the Investors’ stake in the Company to provide Exit to the Investors.</p> <p>(c) <u>Tag Along Right</u>: If any Promoter wishes to transfer any of its shares in the Company, Investors shall have the right to include in such transfer a proportional number of the Investor Shares (on an as converted basis) on the same terms and conditions as applicable to the sale of such Promoter shares. If, however, the proposed transfer would result in the aggregate shareholding of the Promoters falling below 26% of the share capital of the Company, Investors shall be entitled to sell all of the Investor Shares (on an as converted basis) as part of such transfer.</p>

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	<p>(d) <u>Drag along rights of Investors</u>: In case the Company or the Promoters fail to provide the exit options provided above or a buy-back option as contemplated above by October 2023, the Investors will have the right to sell, merge or liquidate the Company at their own option at the prevailing fair market value. In such an event, the Promoters shall ensure that all the other common shareholders, preferred shareholders, management team and employees, shall be obliged to offer their shares in full, along with the Promoters, to facilitate exit to the Investor. If the Company raises new funds/investment before 2023 to provide the Investors exit with the Minimum Valuation, the drag along rights under this clause may be waived by the Investors, subject to such terms and conditions as the Investors may deem fit in their sole discretion. This drag-along right shall terminate on the happening of the IPO, a Strategic Sale or a Buy-Back by the Company where the Investors realize their Minimum Valuation. For further financing, the promoters shall make the best efforts to negotiate retention of this clause. If however, the potential investors do not agree, then on a request by the promoters, the Investors shall consider postponement or waiver of this clause, without undue delay.</p> <p>Further, in the event that any third party intends to Invest in the Company, Investors shall have the first right to sell. The third Party shall be obliged at the will of the Investors to buy Investors Shares in part or full as may be decided by the Investors and the Promoters shall facilitate such sell of Investors Shares in a manner Investors may deem fit.</p>
<p>17. Conditions Precedent to Closing</p>	<p>The proposed investment is subject to:</p> <p>(a) <u>Due Diligence</u>: Completion of due diligence on the business plan of the Company. The Investors will have the right to appoint auditors and advisors to conduct financial and legal due diligence of the Company, the scope of which may be decided by the Investors in their own discretion. The Company shall bear all costs incurred in connection with due diligence review.</p> <p>(b) <u>Approvals</u>: Receipt of all regulatory and statutory approvals and approval of the Board/ Management Committee of the Investors for investment in the Company.</p> <p>(c) <u>Documentation</u>: Completion of Definitive Agreements and all other required documentation to the mutual satisfaction of both Parties. The cost of documentation of the agreements will be borne by the</p>

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	<p>Company.</p> <p>No material or adverse changes in the information submitted by the Company.</p>
18. Conversion Rate	<p>The Conversion Rate for the Preference Shares would be based on the pre-money valuation described above. Conversion Rate would be suitably adjusted for any new issue of shares or share equivalents, stock splits, stock dividends, etc. The Investors may exercise their option to convert the Investor Shares, at their sole discretion, up to a Qualified IPO or Strategic Sale.</p> <p>The Conversion rate shall be adjusted to the extent of equity shares already held by the Investors.</p>
19. Automatic Conversion	<p>The Investor Shares shall automatically be converted into Equity Shares in terms of this Term Sheet and the Definitive Agreements upon a Qualified IPO or Strategic Sale.</p>
20. Pre-emptive Right and Right of First Offer	<p>The Investors will have a right of first offer to:</p> <p>(a) subscribe up to its pro rata share on a Fully Diluted Basis of any equity securities offered by the Company other than in any IPO event, on the same price and terms and conditions as the Company offers such securities to other potential investors.</p> <p>(b) purchase up to all of the shares proposed to be sold and transferred by any of the Promoters of the Company.</p> <p>These rights would terminate upon the closing of a Qualified IPO or a Strategic Sale. Notwithstanding the foregoing, shares held by any of the Promoters / management team members, shall be subject to the lock-in restriction to the extent required by the applicable law or the regulator.</p>
21. Voting Rights, Protective Provisions and Other Rights	<p>The Company agrees that the following actions will be done only with the prior approval of the Board Observer:</p> <ul style="list-style-type: none"> • Merger, acquisition, increase or decrease in authorized capital or, new investments or any other form of capital restructuring, excluding this round of Investment • Authorising or undertaking any reduction in the capital of the company • Issue of sweat equity • Issuance of Bonus Shares • Dividend payments and buyback of shares • Sale or transfer of any intellectual property/ intangible asset, which is material to the operations of the Company • Sale or transfer of a part of the business of the Company • Altering the name of the company • Registering of any third person or an affiliate as a shareholder of the company • Any changes in Memorandum of Association and Articles of

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	<p>Association</p> <ul style="list-style-type: none"> • Any change of statutory auditor • The pricing and timing and all other terms and conditions of an IPO or an offer for sale of shares • The acquisition of any other business, diversification or expansion • Any major changes in the Company's financial year or in its accounting policies • Any decision to hire/fire senior management employees, identified in the Definitive Agreements, or any change in their terms of employment • The extension of loans to any party except employees • Any related party transactions of value more than Rs. 50,000 • Any material changes in the Company's business plan, including entering any new lines of business and incorporation or winding down of any subsidiary • Raising new loans (except working capital loans) not in the course of ordinary business, involving amounts exceeding Rs. 10,00,000. • Raising working capital loans involving amounts exceeding Rs. 25,00,000 • Any incurrence by the Company of absolute or contingent indebtedness for borrowed money and the terms of such borrowing, which are outside the purview of the approved business plan of the Company <p>Notwithstanding the above, the Investor will have the right to vote on all the matters requiring shareholders' approval on a pro- rata basis as-converted basis.</p>
<p>22. Board Seat</p>	<p>The Investor shall have a right to nominate at least one Director or Observer on the Board of the Company. The presence of Investor Director will be required for purposes of the quorum for any board meeting of the Company. The Investor Director shall also have the option to attend the board meetings through video conferencing.</p> <p>The above rights shall mutatis mutandis apply to all the committees of the Company.</p>
<p>23. Inspection Rights & Information Rights</p>	<p>The Company shall deliver to the Investors and to the Lead Angels team the following information:</p> <ul style="list-style-type: none"> (i) Audited annual financial statements (ii) Unaudited Quarterly (and year-to-date) financial statements (iii) A Quarterly Business update, delivered as a presentation and an hour long conference call with Investors <p>The cost of audit will be borne by the company.</p> <p>In addition to the above the Investors will also have standard inspection rights, available to investors in India.</p>

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	The Company will permit the Investors, or its authorized representatives (such as lawyers, accountants or other professional advisors) to visit and inspect the properties of the Company, including its corporate and financial records, and to discuss its business and finances with officers of the Company, following reasonable notice, under a confidential clause.
24. Business Plan	The Investors, the Promoters and the Company shall agree on a business plan (“ Business Plan ”) prior to execution of the Definitive Agreements; such Business Plan shall be included in the Definitive Agreements, subject to change with mutual consent of Board of Directors and Board Observer
25. Other Covenants	<p>a) The Company shall modify its Memorandum and Articles of Association in consultation with and to the satisfaction of the Investors to reflect the Definitive Agreements</p> <p>b) The Investors shall receive standard information rights including audited annual financial reports, unaudited quarterly financial reports, annual budget and business plan, board packages, as well as standard audit/inspection rights. All other information which the Investors may reasonably require will be provided by the Company within 7 days of receipt of a notice requesting such information.</p> <p>c) Standard financial reports shall be sent to the Investors/ Investors’ representative on the board on a quarterly basis</p>
26. Representations and Warranties	The Definitive Agreements will have customary representations and warranties of the Company and the Promoters with appropriate indemnification for the Investors.
27. Confidentiality	The Company agrees to keep the contents of this term sheet confidential. Neither party shall make any public disclosure of this term sheet without mutual consent.
28. Exclusivity	<ul style="list-style-type: none"> • The Company and the Promoters will work exclusively with the Investors for sixty (60) days from the date of signing this document and Promoters shall not, directly or indirectly, solicit, have discussions or provide any information to any other potential investor, without written approval from the Investors during this period, excluding the Investors with whom the company is already in talks with. The Company shall not issue shares of any class to any party until Closing. • For a period of sixty days from the signing of this document, the Company agrees not to solicit offers from other parties for any financing
29. Dispute Resolution	Any disputes relating to the validity, interpretation, construction, performance and enforcement of this Term Sheet and the Definitive Agreements (“ Dispute ”) shall be referred to arbitration.

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	<p>The aggrieved Party shall issue a 15 day notice to the other Party to resolve the issue, controversy, dispute or claim. If the issue, controversy, dispute or claim is not resolved within the stipulated notice period of 15 days, the aggrieved Party shall issue a notice for resolving the issue, controversy, dispute or claim through Arbitration and shall also appoint its arbitrator to adjudicate the issue, controversy, dispute or claim between the Parties. The other Party shall, within 15 days of receipt of the notice for initiating arbitration proceedings, appoint its arbitrator and the two arbitrators shall then enter upon reference and shall appoint a third arbitrator. If the other Party does not appoint its arbitrator within the stipulated notice period of 15 days, the arbitrator appointed by the aggrieved Party shall commence arbitration proceedings as sole arbitrator and shall proceed in accordance with the provisions of the Arbitration and Conciliation Act, 1996 (as may be amended from time to time) and the award made by him shall be final and binding upon the Parties and shall be to the exclusion of all other courts, subject to jurisdiction of courts at Mumbai, India.</p> <p>All proceedings of such arbitration shall be in English language and the arbitral award shall be final and binding on the parties. The parties to the Term Sheet specifically agree that no proceedings shall be brought before any court or administrative tribunal for the purpose of seeking stay, to enjoin or otherwise interfere with the consultation or arbitration proceedings.</p>
30. Governing Law and Jurisdiction	This Term Sheet and the Definitive Agreements shall be governed by the laws of India. Without prejudice to the arbitration provisions, the competent courts of Mumbai shall have exclusive jurisdiction over the matters arising out of this Term Sheet and the Definitive Agreements
31. Non Binding Effect	This Term Sheet shall supersede all previous written communications relating to this proposed investment by the Investors. This Term Sheet shall not be binding upon the parties hereto except for the provisions relating to 'Exclusivity', 'Expiration', 'transaction costs', 'Confidentiality', 'Dispute Resolution' and 'Governing Law'.
32. Success Fee	A success fee of 2% of the funds raised by the Investors shall be paid by the Company to SVAAS Management Services Pvt. Lts. as set out

On behalf of Investors

Promoters

Mr.

Company: _____ Private

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Limited

Company Stamp: