

POST MONEY VALUATION CAP WITH DISCOUNT

[COMPANY NAME]

India Simple Agreement for Future Equity (“iSAFE”)

THIS iSAFE is in respect of the investment by [Investor Name] (the “Investor”) of [] (the “Investment Amount”) on or about [Date of iSAFE] in the Equity Linked Securities of [Company Name], a company incorporated under the laws of India having its registered office at [] (the “Company”), subject to the terms described below.

This iSAFE is one of the forms available at <http://www.100x.vc/isafe> and the Company, the Founders and the Investor agree that neither one has modified the form, except to fill in blanks and bracketed terms.

The “Post-Money Valuation Cap” is INR []. See Section 2 for certain additional defined terms.

The “Discount Rate” is [100 minus the discount] %.

1. Events & Consents

(a) **Equity Financing.** If there is an Equity Financing before the termination of this iSAFE, on the initial closing of such Equity Financing, the iSAFE Sequel Notes will automatically convert into the number of shares of the Conversion Shares equal to the Investment Amount divided by the Conversion Price.

(b) **Liquidity Event.** If there is a Liquidity Event before the Conversion Date, the iSAFE Sequel Notes will automatically be entitled to receive a portion of Proceeds, due and payable to the iSAFE Sequel Note Holders immediately prior to, or concurrent with, the consummation of such Liquidity Event, equal to the greater of (i) the Investment Amount (the “Cash-Out Amount”) or (ii) the amount payable on the number of shares of Equity Shares equal to the Investment Amount divided by the Liquidity Price (the “Conversion Amount”). If any of the Company’s security holders are given a choice as to the form and amount of Proceeds to be received in a Liquidity Event, the iSAFE Sequel Note Holders will be given the same choice, *provided* that the iSAFE Sequel Note Holders may not choose to receive a form of consideration that the iSAFE Sequel Note Holders would be ineligible to receive as a result of the iSAFE Sequel Note Holders’ failure to satisfy any requirement or limitation generally applicable to the Company’s security holders, or under any applicable laws.

(c) **Merger Event.** If there is a Merger Event before the Conversion Date, the holders of iSAFE Sequel Notes will automatically be entitled to receive shares or securities of the other surviving or resulting entity immediately prior to, or concurrent with, the consummation of such Merger Event as if the iSAFE Sequel Notes represented, out of the pre money valuation of the Company in connection with the Merger Event, value equal to the greater of (i) the Investment Amount or (ii) the value of the number of shares of Equity Shares equal to the quotient of Investment Amount divided by the Merger Price (the “Conversion Value”).

The right of the iSAFE Sequel Note Holders to receive shares or securities of the other surviving or resulting entity equal in value to the greater of the Investment Amount or Conversion Value as above, is on par with the right of holders of Equity Shares and other Equity Linked Securities who are entitled to receive shares or securities of the other surviving or resulting entity immediately prior to, or concurrent with, the consummation of such Merger Event.

(d) **Dissolution Event.** If there is a Dissolution Event before the Conversion Date, the iSAFE Sequel Notes will automatically be entitled to receive a portion of Proceeds equal to the Cash-Out Amount, due and payable to the iSAFE Sequel Note Holders immediately prior to the consummation of the Dissolution Event.

(e) **Liquidation Priority.** In a Liquidity Event or Dissolution Event, the iSAFE Sequel Note Holders’ right to receive its Cash-Out Amount is:

(i) Junior to payment of outstanding secured indebtedness and secured creditor claims;

(ii) On par with payments for other Equity Linked Securities, and if the applicable Proceeds are insufficient to permit full payments to the holders of iSAFE Sequel Notes and other Equity Linked Securities, the applicable Proceeds will be distributed pro rata to holders of iSAFE Sequel Notes and other Equity Linked Securities in proportion to the full payments that would otherwise be due; and

(iii) Senior to payments for Equity Shares.

The right of the iSAFE Sequel Note Holders to receive its Conversion Amount is (A) on par with payments for Equity Shares and other Equity Linked Securities who are also receiving Conversion Amounts or Proceeds on a similar as-converted to Equity Shares basis, and (B) junior to payments described in clauses (i) and (ii) above (in the latter case, to the extent such payments are Cash-Out Amounts or similar liquidation preferences, provided such payments do not reduce the iSAFE Sequel Note Holders’ Conversion Amount below the Cash Out Amount)

(f) **Termination.** This iSAFE will automatically terminate (without relieving the Company of any obligations arising from a prior breach of or non-compliance with this iSAFE) immediately following the earliest to occur of: (i) the issuance of Equity Financing Securities to the iSAFE Sequel Note Holders pursuant to the automatic conversion of iSAFE Sequel Notes under Section 1(a); or (ii) the payment, or setting aside for payment, of amounts due to the iSAFE Sequel Note Holders pursuant to Section 1(b) or Section 1(d); or (iii) the receipt of shares or securities of the other surviving or resulting entity by the iSAFE

Sequel Note Holders pursuant to Section 1(c)); or (iv) expiry of 3 years from the date of allotment of the iSAFE Sequel Notes, upon which the iSAFE Sequel Notes will automatically convert into the number of Equity Shares equal to the Investment Amount divided by the Expiry Price.

- (g) **Lock-in.** The investment by the iSAFE Sequel Note Holders shall be subject to lock-in for a period of 1 (one) year from the date of allotment of the iSAFE Sequel Notes, or such other period as prescribed under SEBI (Alternative Investment Funds) Regulations, 2012.¹
- (h) **Information Rights.** The Company and the Founders shall furnish to the iSAFE Sequel Note Holders the following information in relation to the Company:
- (a) monthly progress reports in respect of minimum viable product, revenues (count and value), product prototype and key hires, within 7 (seven) calendar days of the end of each month;
 - (b) monthly, and year-to-date profit and loss statement within 45 (forty five) days from end of each quarter;
 - (c) audited annual financial statements within 90 (ninety) days of the end of each financial year;
 - (d) certificate from the Company (signed by CEO or a person having a designation of a similar rank) certifying compliance of applicable law by the Company, on a monthly and quarterly basis, within 15 (fifteen) calendar day of the end of each month or quarter, as the case may be; and
 - (e) any other information as may be on a daily, weekly, monthly or any periodical basis, as may be required by the iSAFE Sequel Note Holders, without unreasonable delay.

2. Definitions

“Change of Control” means (i) a transaction or series of related transactions other than solely involving issue or allotment of securities by the Company in which any person or persons, directly or indirectly, becomes the beneficial owner of more than 50% of the outstanding voting securities of the Company having the right to vote for the election of directors on the Company’s board of directors, or (ii) any reorganization, merger or consolidation of the Company, other than: (a) Merger Event; or (b) a transaction or series of related transactions in which the holders of the voting securities of the Company outstanding immediately prior to such transaction or series of related transactions retain, immediately after such transaction or series of related transactions, at least a majority of the total voting power represented by the outstanding voting securities of the Company or such other surviving or resulting entity, or (iii) a sale, lease or other disposition of all or substantially all of the assets of the Company;

“Company Capitalization” is calculated as at the initial close of the Equity Financing and (without double-counting):

- Includes all Equity Shares issued and outstanding;
- Includes all Equity Linked Securities;
- Includes Equity Financing Securities issued at initial close of Equity Financing;
- Includes all (i) issued and outstanding Options and (ii) Promised Options;
- Includes the Unissued Option Pool; and
- Excludes, notwithstanding the foregoing, any increases to the Unissued Option Pool (except to the extent necessary to cover Promised Options that exceed the Unissued Option Pool) in connection with the Equity Financing.

“Conversion Date” means the date on which the iSAFE Sequel Notes are automatically converted into the Conversion Shares pursuant to Section 1(a).

“Conversion Price” means the either: (1) the iSAFE Price or (2) the Discount Price, whichever calculation results in a greater number of shares of Conversion Shares.

“Conversion Shares” means the shares of the series of convertible preference shares or Equity Shares, in either case, issued and allotted by the Company to the iSAFE Sequel Note Holders in an Equity Financing, having the identical rights, privileges, preferences and restrictions as the shares of the Equity Financing Securities, other than with respect to: (i) the per share liquidation preference and the initial conversion price for purposes of price-based anti-dilution protection, which will equal the Conversion Price; and (ii) the basis for any dividend rights, which will be based on the Conversion Price.

“Discount Price” means the price per share of the Equity Financing Securities sold in the Equity Financing multiplied by the Discount Rate.

“Dissolution Event” means (i) a voluntary termination of operations of the Company, (ii) a general assignment for the benefit of the Company’s creditors or (iii) any other liquidation, dissolution or winding up of the Company (**excluding** a Liquidity Event or Merger Event), whether voluntary or involuntary.

“Dividend Amount” means, with respect to any date on which the Company pays a dividend on its outstanding Equity Shares, the amount of such dividend that is paid per share of Equity Shares multiplied by (x) the Investment Amount divided by (y) the Liquidity Price (treating the dividend date as a Liquidity Event solely for purposes of calculating such Liquidity Price).

“Equity Shares” means equity shares of the Company having a face value of Rs. 10/- (Rupees Ten only) each.

¹ To be retained if the iSAFE Sequel Note Holder is an Angel Fund.

“**Equity Financing**” means a bona fide transaction or series of transactions with the principal purpose of raising capital, pursuant to which the Company issues and sells convertible preference shares or Equity Shares, in either case, at a fixed valuation, including but not limited to, a pre-money or post money valuation.

“**Equity Financing Securities**” means the shares of the series of convertible preference shares or Equity Shares, in either case, issued to the investors investing new money in the Company in connection with the initial closing of the Equity Financing.

“**Equity Linked Securities**” means any options, warrants, convertible preference shares or other convertible securities, including the iSAFE Notes, issued by the Company that are, in each case, convertible into Equity Shares.

“**Expiry Price**” means iSAFE Price (as determined based on Company Capitalization at expiry of 3 years from the date of allotment of the iSAFE Sequel Notes) *multiplied by* Discount Rate.

“**Founders**” means [_____] and [_____].

“**Initial Public Offering**” means a firm underwritten initial public offering of the Equity Shares (including depository receipts), either domestic or overseas, of the Company and consequent listing of the Equity Shares of the Company on domestic or internationally recognised stock exchanges, either:

(a) Through a public issue of fresh Equity Shares, or

(b) an offer of existing Equity Shares by some or all the shareholders of the Company; or

(c) a combination of (a) and (b).

“**iSAFE First Notes**” means the first series (Series 1) of 0.0001% compulsorily convertible preference shares of the Company of a face value of INR [_____] (Indian Rupees [_____] only) each, already issued by the Company having the rights set out in the iSAFE entered into between the Company and the holder of iSAFE First Notes.

“**iSAFE Notes**” includes iSAFE First Notes and iSAFE Sequel Notes of all Series issued by the Company including pursuant to this iSAFE.

“**iSAFE Price**” means the price per share equal to the Post-Money Valuation Cap divided by the Company Capitalization.

“**iSAFE Sequel Notes**” means the [Nth] (insert number) series (Series [Nth]) (insert number) of 0.0001% compulsorily convertible preference shares of the Company of a face value of INR [_____] (Indian Rupees [_____] only) each, to be issued at par, having the rights set out in this iSAFE.

“**iSAFE Sequel Note Holder**” means the holder of iSAFE Sequel Note(s).

“**Liquidity Capitalization**” is calculated as of immediately prior to the Liquidity Event or Merger Event, as applicable, and (without double-counting):

- Includes all Equity Shares issued and outstanding;
- Includes all (i) issued and outstanding Options and (ii) to the extent receiving Proceeds, Promised Options;
- Includes all Equity Linked Securities, **other than** any convertible securities (including without limitation preference shares) where the holders of such securities are receiving Cash-Out Amounts or similar liquidation preference payments in lieu of Conversion Amounts or similar “as-converted” payments; and
- Excludes the Unissued Option Pool.

“**Liquidity Event**” means a Change of Control or an Initial Public Offering.

“**Liquidity Price**” means the price per share equal to the Post Money Valuation Cap divided by the Liquidity Capitalization.

“**Merger Event**” means any reorganization, merger, demerger or consolidation of the Company, in which the holders of the Equity Shares and Equity Linked Securities of the Company outstanding immediately prior to such transaction are receiving only shares of another surviving or resulting entity.

“**Merger Price**” means the price per share equal to the fair market value of a Equity Share at the time of the Merger Event, determined by reference to the pre money valuation of the Company in connection with such Merger Event.”

“**Options**” includes employee stock options, employees stock purchases, RSUs, SARs, warrants or similar securities, vested or unvested.

“**Parties**” means the Founders, Investor and the Company collectively and the term “**Party**” means the Founders, Investor and the Company individually.

“**Proceeds**” means cash and other assets (including without limitation shares, securities) that are proceeds from the Liquidity Event or the Dissolution Event, as applicable, and legally available for distribution.

“**Promised Options**” means promised but ungranted Options that are the greater of those (i) promised pursuant to agreements or understandings made prior to the execution of, or in connection with, the term sheet for the Equity Financing (or the initial closing of the Equity Financing, if there is no term sheet), or (ii) treated as outstanding Options in the calculation of the Equity Financing Securities price per share.

“**Unissued Option Pool**” means all Equity Shares that are reserved, available for future grant and not subject to any outstanding Options or Promised Options (but in the case of a Liquidity Event, only to the extent Proceeds are payable on such Promised Options) under any equity incentive or similar Company plan.

3. **Company and the Founders Representations**

The Company and the Founders hereby severally represent as follows:

- (a) The Company is a company duly organized, validly existing and in good standing under the laws of India, and has the power and authority to own, lease and operate its properties and carry on its business as now conducted.
- (b) The execution, delivery and performance by the Company of this iSAFE is within the power of the Company and has been duly authorized by all necessary actions on the part of the Company (subject to section 3(d)). This iSAFE constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors' rights generally and general principles of equity. To its knowledge, the Company is not in violation of (i) its current certificate of incorporation or bylaws, (ii) any material statute, rule or regulation applicable to the Company or (iii) any material debt or contract to which the Company is a party or by which it is bound, where, in each case, such violation or default, individually, or together with all such violations or defaults, could reasonably be expected to have a material adverse effect on the Company.
- (c) The performance and consummation of the transactions contemplated by this iSAFE do not and will not: (i) violate any material judgment, statute, rule or regulation applicable to the Company; (ii) result in the acceleration of any material debt or contract to which the Company is a party or by which it is bound; or (iii) result in the creation or imposition of any lien on any property, asset or revenue of the Company or the suspension, forfeiture, or nonrenewal of any material permit, license or authorization applicable to the Company, its business or operations.
- (d) No consents or approvals are required in connection with the performance of this iSAFE, other than: (i) the Company's corporate approvals; (ii) any qualifications or filings under applicable laws; and (iii) necessary corporate approvals for the authorization of Equity Linked Securities issuable pursuant to Section 1.
- (e) To its knowledge, the Company owns or possesses (or can obtain on commercially reasonable terms) sufficient legal rights to all patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses, information, processes and other intellectual property rights necessary for its business as now conducted and as currently proposed to be conducted, without any conflict with, or infringement of the rights of, others.
- (f) The issuance and allotment of the iSAFE Sequel Notes shall be made in compliance with all applicable laws.

4. Investor Representations

The Investor hereby represents as follows:

- (a) The Investor has full legal capacity, power and authority to execute and deliver this iSAFE and to perform its obligations hereunder. This iSAFE constitutes valid and binding obligation of the Investor, enforceable in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors' rights generally and general principles of equity.
- (b) The Investor is making the investment and the Equity Linked Securities to be acquired by the Investor hereunder for its own account for investment, not as a nominee or agent, and not for the account of any person whatsoever, and not with a view to, or for resale in connection with, the distribution thereof, and the Investor has no present intention of selling, granting any participation in, or otherwise distributing the same. The Investor has such knowledge and experience in financial and business matters that the Investor is capable of evaluating the merits and risks of such investment, is able to incur a complete loss of such investment without impairing the Investor's financial condition and is able to bear the economic risk of such investment for an indefinite period of time.

5. Miscellaneous

- (a) Any rights attached to iSAFE Sequel Notes may be amended, waived or modified by written consent of the Company, Founders and either (i) the Investor, where the Investor is the sole iSAFE Sequel Note Holder or (ii) a Special Resolution of holders of iSAFE Sequel Notes, *provided that* such amendment, waiver or modification treats all such iSAFE Sequel Note Holders in the same manner. "Special Resolution" refers to resolution of the holders of the iSAFE Sequel Notes, who hold not less than 75% of all the then outstanding iSAFE Sequel Notes.
- (b) Any notice required or permitted by this iSAFE will be deemed sufficient when delivered personally or by overnight courier or sent by email to the relevant address listed on the signature page, or 48 hours after being dispatched by registered mail with postage prepaid, addressed to the party to be notified at such party's address listed on the signature page, as subsequently modified by written notice.
- (c) Save and except set forth in Section 5(a) above, the holders of iSAFE Sequel Notes are not entitled to vote or be deemed holders of Equity Shares for any purpose, nor will anything in this iSAFE be construed to confer on the iSAFE Sequel Note Holders, as such, any rights of a Company shareholder or rights to vote for the election of directors or on any matter submitted to Company shareholders, or to give or withhold consent to any corporate action or to receive notice of meetings, until Conversion Shares have been issued on the terms described in Section 1. The iSAFE Sequel Notes shall carry a right to non cumulative dividend @ 0.0001%. However, if the Company pays a higher dividend on outstanding Equity Shares while the iSAFE Sequel Notes are outstanding, the Company will instead pay the Dividend Amount to the iSAFE Sequel Note Holders at the same time.
- (d) This iSAFE shall inure to the benefit of and be binding upon the Parties, their successors-in-interest and permitted assigns. The terms in this iSAFE with respect to the iSAFE Sequel Notes are *rights in rem* attached to the iSAFE Sequel Notes, and

may be assigned by the iSAFE Sequel Note Holder to any other person or entity without the Company's or the Founders consent, and the Company shall be bound by its obligations under this iSAFE with respect to each assignee / transferee of the iSAFE Sequel Notes as if such assignee / transferee was a party to this iSAFE. Notwithstanding anything contained in this iSAFE or the Articles of Association of the Company, iSAFE Sequel Note Holders shall be entitled to freely transfer the iSAFE Sequel Notes.

- (a) In the event any one or more of the provisions of this iSAFE is for any reason held to be invalid, illegal or unenforceable, in whole or in part or in any respect, or in the event that any one or more of the provisions of this iSAFE operate or would prospectively operate to invalidate this iSAFE, then and in any such event, such provision(s) only will be deemed null and void and will not affect any other provision of this iSAFE and the remaining provisions of this iSAFE will remain operative and in full force and effect and will not be affected, prejudiced, or disturbed thereby.
- (e) **Confidentiality.** No announcement or disclosure of the interest of the Investor relating to the Company shall be made or indicated by any Party without the prior written consent (which may include consent given by facsimile or email transmission) of the Investor, unless such announcement or disclosure is required by applicable laws or by any governmental authority or court of competent jurisdiction or other authority with relevant powers to whose rules such Party is subject, in which case, reasonable notice should be given to the Investor so as to afford the Investor an opportunity to take such action as may be necessary to comply with applicable legislation or regulations.
- (f) **Non-disparagement.** The Company and the Founders, covenants and agrees that, beginning as of the date hereof, neither they nor any of their agents, subsidiaries, affiliates, officers, directors, employees, shareholders and advisors or attorneys shall in any way, directly or indirectly, alone or in concert with others, cause, express or cause to be expressed in a public manner, orally or in writing, any remarks, statements, comments or criticisms that disparage, call into disrepute, defame, slander or which can reasonably be construed to be defamatory or slanderous to the Investor or its settlors, trustees, investment manager, affiliates, successors, assigns, officers, employees, agents, attorneys or representatives of the Investor.
- (g) **Indemnity.** Without prejudice to any other right available to the iSAFE Sequel Note Holder under applicable law, the Company and the Founders shall severally defend, indemnify and hold harmless the iSAFE Sequel Note Holder from and against any and all losses, liabilities, damages, deficiencies, demands, claims (including third party claims), actions, judgments or causes of action, assessments, interests, fines, penalties, and other costs or expenses (including, without limitation, amounts paid in settlement, court costs and all reasonable attorneys' fees and out of pocket expenses suffered or incurred by the iSAFE Sequel Note Holder directly based upon, resulting from, or, arising out of, any misrepresentation or breach or inaccuracy of or default in connection with any of the representations, warranties, covenants, obligations and agreements of the Company and the Founders under this iSAFE.
- (h) **Further Actions.** The Parties shall do or cause to be done such further acts, deeds, matters and things and execute such further documents and papers including amendment to the Articles of Association of the Company as may reasonably be required to give effect to the terms of this iSAFE. For this purpose, the Company shall and the Founders shall cause the Company to amend the Articles of Association of the Company to include the provisions set out in this iSAFE, before subscription of the iSAFE Sequel Notes in a form and substance acceptable to the iSAFE Sequel Note Holder.
- (i) This iSAFE and its interpretation and all the rights and obligations hereunder will be governed by the laws of India.
- (j) Any dispute, controversy, claims or disagreement of any kind whatsoever between or among the Parties in connection with or arising out of this iSAFE or the breach, termination or invalidity thereof shall be settled by arbitration. The arbitration shall be governed by the [Indian] Arbitration and Conciliation Act, 1996 (or any statutory amendment or re-enactment thereof) and the rules made thereunder. The venue of arbitration shall be Mumbai. The language of arbitration shall be English. The arbitrator's award shall be final and binding on the Parties to the dispute.

IN WITNESS WHEREOF, the undersigned have caused this iSAFE to be duly executed and delivered on the date set out above.

[COMPANY]

By: _____

[Name & Designation]

Address: _____

Email: _____

INVESTOR:

By: _____

[Name & Designation]

Address: _____

Email: _____

FOUNDERS:

By: _____

[name & Designation]

Address: _____

Email: _____