

**FOUNDERS AGREEMENT**

This Founders Agreement (the “Agreement”) is entered into, on \_\_\_\_\_, (“Effective Date”),  
by and among:

\_\_\_\_\_, a company incorporated under the laws of India and having its registered office  
\_\_\_\_\_, (hereinafter referred to as “**Company**” which expression shall, unless repugnant  
to the context thereof, mean and include its successors in interest and permitted assigns) of the FIRST  
PART;

**AND**

**FOUNDERS**, (as captured below) for the SECOND PART:

- A. \_\_\_\_\_, son/daughter of \_\_\_\_\_ and residing at \_\_\_\_\_  
(hereinafter referred to as “\_\_\_\_\_” which expression shall, unless repugnant to the context  
thereof, mean and include his heirs, permitted assigns, administrators and successors);
- B. \_\_\_\_\_, son/daughter of late \_\_\_\_\_ and residing at  
\_\_\_\_\_ (hereinafter referred to as “\_\_\_\_\_” which expression shall,  
unless repugnant to the context thereof, mean and include his heirs, permitted assigns,  
administrators and successors);

\_\_\_\_\_ hereinafter each referred as “**Co-Founder/Founder**” and collectively as the  
“**Founders**”. The Company and the Founders wherever the context so permits shall collectively be  
referred to as “**Parties**” and individually as “**Party**”.

**NOW, THEREFORE**, the Parties agree, effective on the date of this Agreement, to the following  
terms and conditions:

**1. Terms and Conditions:**

- 1.1 The Company is in the business of research, development, implementation, license and sale of services for the education industry. (“Business”)
- 1.2 At the time of entering into this agreement, the Founders agree to take on the following roles in the Company:
- 1.2.1 \_\_\_\_\_ being the Chief executive Officer and Director of the Company, is responsible for technology development and product innovation.
- 1.2.2 \_\_\_\_\_, being the Chief Operations Officer and Director of the Company is responsible for raising funds, financial activities, collaboration with third parties and Human Resources matters.
- 1.2.3 \_\_\_\_\_, being the Chief Marketing Officer and Director the Company is responsible for all marketing activities such as channel development, product management and sale development.
- 1.2.4 While the above clauses list the broad division of responsibilities between the Founders, the allocation is not strict and responsibilities on some of the activities may be shared between the Founders. Wherever necessary, the Founders shall co-operate with each other and provide the required assistance towards discharging the specific responsibilities for the benefit of the Company.
- 1.2.5 In case of any inconsistency in the decisions of the Founders, the majority decision of the Board shall be final and binding. This includes all matters including takeover, asset sale, merger, amalgamation, dissolution or liquidation.

**2. Co-Founder Directors**

2.1 On the date of execution of this Agreement, the board of directors of the Company (“**Board**”) shall comprise \_\_\_\_\_.

2.2 The Chairman of the Board will not have a casting vote in case of a deadlock.

2.3 The matters listed in Schedule 1 of this Agreement require the affirmative consent of all Founders before the Board can pass any resolution on the same.

2.4 All the decisions at the Board shall be in accordance with the provisions of the Companies Act, 2013 and shall be taken by majority of votes. The Parties agree that the principles set out in Clause 2.3 is fundamental to the governance of the Company and each Party undertakes not to commit any act or omission that would violate or prejudice the spirit and intent of this Clause 2.3. If any other provision of this Agreement conflicts with the provisions of this Clause 2.3 the provisions of this Clause 2.3 shall prevail and be given effect to.

**3. Existing Shareholding in the Company**

As on the Effective Date, the Founders have already invested in the Company, against which the following shares have been allotted in proportion to their investment. The current paid up capital of the Company stands as follows:

<b>Name of Founder</b>	<b>No. of shares allotted</b>	<b>% of shareholding</b>

**4. Right to Participate**

The Founders shall have the right to participate in the subsequent rounds of investment in the Company. In case, the Founders opt not to exercise this right then the shareholding percentage of that Founder shall stand diluted accordingly after the investment round. Founders agree that any change in the capital table of the Company, including but not limited to creation of ESOP Pool, raising a new round of investment through allotment of Company's shares and transfer of shares to a third party, shall be subject to unanimous approval of the Founders. It is agreed that all shareholders of the Company shall dilute their shareholding pro rata towards any further issue of shares by the Company.

## **5. Vesting of shares**

5.1 In so far as the Directors have received Shares in the Company for nominal consideration, the Directors agree that the same shall be subject to vesting provisions as provided hereunder.

5.2 25% of shares held by each Founder shall vest with him as on the Effective Date. Thereafter, the shares held by the Founders shall vest with each Founder in equal installments on a monthly basis over a period of three (3) years from the Effective Date.

5.3 Notwithstanding the above, 100% of the shares held by the Founders shall be deemed to have been vested with the respective Founders in the event of Change of Control of the Company. For the purpose of this Section 5.3, "Change of Control" shall include (1) a sale of all or substantially all of the Company's assets other than to a third party or (2) a merger, consolidation or other capital reorganization or business combination transaction of the Company with or into another corporation, limited liability company or other entity.

## **6. Bank Authorization**

Bank account(s) opened in the name of the Company shall be operated by any one of \_\_\_\_\_ . It is clarified that signature of either of \_\_\_\_\_ adequate for

the purpose of bank transactions and the Founders hereby agree to retain this practice for ease of operations. However, the Founders will jointly agree to a nominated person between them to operate the account for fiscal ease and accountability. For the purpose of clarifications, all purchases and transactions above INR \_\_\_\_\_ will be finally determined by the board of directors. The limits can be modified by the board of directors, from time to time.

## **7. Sale of Shares**

- 7.1 If any Co-Founder, at any point of time desire to sell any or all of the vested shares (“Sale Shares”) held by him, such Co-Founder (“Selling Founder”) shall offer the same to the other remaining Founders (“Purchaser”), by a written notice with the price (as per valuation done by a third party Valuation firm) and terms and conditions of Sale Shares. It is agreed by the Parties that in case any Founder wishes to sell his unvested shares, they shall be sold to the remaining Founders at face value.
- 7.2 The Purchaser shall either accept or reject such Offer within a period of 30 working days and if accepted shall complete the transfer within a period of 30 business days from the date of acceptance.
- 7.3 In the event that the Purchaser declines to purchase the Sale Shares, then the Selling Founder’s may sell his shares in a third party not engaged in a Competitive Business, as defined below, to the Company in any way.
- 7.4 Each of the Founders of the Company, other than the Selling Founder shall have the right (the “Tag-Along Right”) but not the obligation to require the Purchaser in the proposed transfer to purchase from such Founder, for the same consideration per Share (on an as-converted basis) and upon the same terms and conditions as to be paid and given to the Selling Founder, up to a maximum number of shares equal to such Shareholder’s pro rata share multiplied by the Sale Shares.

## **8. Non-Disclosure and Non-Competition.**

- 8.1 Non-Disclosure.** The Founders acknowledges that in the course of performing services for the Company, the Founder will obtain knowledge of the Company’s business plans, processes,

software, know-how, trade secrets, methods, inventions, improvements, disclosures, names and positions of Employees and/or other proprietary and/or confidential information (collectively the “Confidential Information”). The Founder agrees to keep the Confidential Information secret and confidential and not to publish, disclose or divulge to any other party, and the Founder agrees not to use any of the Confidential Information for the Founder’s own benefit or to the detriment of the Company without the prior written consent of the Company. The Founder also agrees not to divulge, publish or use any proprietary and/or confidential information of others that the Company is obligated to maintain in confidence.

**8.2 Non-Competition.** The Founder agrees that from the Effective Date till such time that a Founder ceases to be a Shareholder in the Company, neither the Founder nor any corporation or other entity in which the Founder may be interested as a partner, trustee, director, officer, Founder, agent, shareholder, lender of money or guarantor, shall at any time during such period be engaged, directly or indirectly, in any Competitive Business (as that term is hereinafter defined) or any business/entity which is invested by the Company, unless as approved by the Board. For purposes of this Clause 8.2 the term “Competitive Business” shall mean any firm or business organization that competes with the Company in the delivery, development and/or commercialization of similar online services or solutions for the same or adjacent markets. The Founder’s ownership of no more than 5% of the outstanding voting stock of a publicly traded company shall not constitute a violation of this Clause 8.2.

**8.3 Non-Solicitation:** The Founder shall not during the course of his engagement with the Company, either alone or in association with others (i) solicit, or encourage any organization directly or indirectly controlled by the Founder to solicit, any employee of the Company to leave the employment (ii) solicit for employment, hire or engage as an independent contractor, or permit any organization directly or indirectly controlled by the Founder to solicit for employment, hire or engage as an independent contractor, any

person who was employed by the Company at any time during the term of the Founder's engagement with the Company.

## **9. Inventions and Discoveries**

**9.1 Disclosure.** The Founder shall promptly and fully disclose to the Company, with all necessary detail, all developments, know-how, discoveries, inventions, improvements (whether

copyrightable, patentable or otherwise) made, received, conceived, acquired or written by the Founder (whether or not at the request or upon the suggestion of the Company, solely or jointly with others), during the period of this agreement with the Company that (i) result from, arise out of, or relate to any work, assignment or task performed by the Founder on behalf of the Company, whether undertaken voluntarily or assigned to the Founder within the scope of his responsibilities to the Company, or (ii) were developed using the Company's facilities or its resources or in Company time, or (iii) result from the Founder's use or knowledge of the Company's Confidential Information, or (iv) relate to the Company's business or any of the products or services being developed, manufactured or sold by the Company or that may be used in relation therewith (collectively referred to as "Inventions"). The Founder hereby acknowledges that all original works of authorship that are made by the Founder (solely or jointly with others) within the above terms and that are protectable by copyright are owned by the Company. The Founder understands and hereby agrees that no royalty shall be due to the Founder as a result of the Company's efforts to commercialize or market any such Invention.

**9.2 Assignment and Transfer.** The Founder agrees to assign and transfer to the Company all of the Founder's right, title and interest in and to the Inventions, and the Founder further agrees to deliver to the Company any and all drawings, notes, specifications and data relating to the Inventions, and to sign, acknowledge and deliver all such further papers, including applications for and assignments of copyrights and patents, and all renewals thereof, as may be necessary to obtain copyrights and patents for any Inventions in any and all countries and to vest title thereto in the Company and to otherwise protect the Company's interests therein. The Founder shall not charge the Company for time spent in complying with these obligations. If the Company is unable because of the Founder's mental or physical incapacity or for any other reason to secure the Founder's signature to apply for or to pursue any application for any patents or

copyright registrations assigned to the Company as above, then the Founder hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as the Founder's agent and attorney in fact, to act for and in the Founder's behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the prosecution and issuance of letters patent or copyright registrations thereon with the same legal force and effect as if executed by the Founder.

**9.3 Records.** The Founder agrees that in connection with any research, development or other services performed for the Company, the Founder will maintain careful, adequate and

contemporaneous written records of all Inventions, which records shall be the property of the Company.

**10. The Company Documentation.**

The Founder shall hold in a fiduciary capacity for the benefit of the Company all documentation, drawings, manuals, reports, sketches, blueprints and all other writings, electronic data, graphics and tangible information and materials of a secret, confidential or proprietary information nature relating to the Company or the Company's business that are in the possession or under the control of the Founder.

**11. Injunctive Relief.**

The Company and the Founders understand and agree that any breach or threatened breach by the Company or the Founders of any of the above provisions cannot be remedied solely by the recovery of damages, and in the event of any such breach or threatened breach, the Company or the Founders, as the case may be, shall be entitled to injunctive relief, restraining the Founders or the Company, as the case may be, and any business, firm, Company, individual, or other entity participating in such breach or attempted breach from engaging in any activity which would constitute a breach. Nothing herein, however, shall be construed as prohibiting the Company or the Founders from pursuing, in conjunction with an injunction or otherwise, any other remedies available in equity for any such breach or threatened breach, including the recovery of damages.

**12. Termination**

**12.1 Voluntary Termination:** A Founder may voluntarily terminate services with the Company at any time and for any reason (a "Voluntary Termination"). However, the exiting Founder ("Exiting Founder") agree to provide sixty (60) days advance notice prior to the effective date of termination. In case of termination other than for Cause (as defined below), the Exiting Founder shall compulsorily offer to transfer the shares held by him, to the remaining Founders ("Remaining Founders") in proportion to their inter se shareholding.

**12.1.1** In case the Exiting Founder leaves before the completion of the vesting schedule as provide in Section 5, the unvested shares held by the Exiting Founder shall be transferred at Face Value





- a) The vested shares shall be offered at a price determined by an independent valuer to be appointed by the Company to the remaining Founders, in the ratio of their inter se shareholding. Provided that for the purpose of this Section 13 a), 20% of the unvested shares of such Founder shall be considered as vested shares;
- b) The unvested shares, aside from those accelerated as per Section 13 a) above, shall be offered at Face Value to the Remaining Founders in the ratio of their inter se shareholding.

**14 Supersedes Other Agreements.**

This Agreement supersedes and is in lieu of any and all other arrangements between the Founders and the Company.

**15 Amendments.**

Any amendment to this Agreement shall be made in writing and signed by the Parties hereto.

**16 Enforceability**

If any provision of this Agreement shall be invalid or unenforceable, in whole or in part, then such provision shall be deemed to be modified or restricted to the extent and in the manner necessary to render the same valid and enforceable.

**17 Construction.**

This Agreement shall be construed and interpreted in accordance with the internal laws of India.

**18 Assignment.**

**By the Company-** The rights and obligations of the Company under this Agreement shall inure to the benefit of, and shall be binding upon, the successors and assigns of the Company.

**By the Founder** - This Agreement and the obligations created hereunder may not be assigned by the Founder, but all rights of the Founder hereunder shall inure to the benefit of and be enforceable by his heirs, devisees, legatees, executors, administrators and personal representatives.

**19 Notices.**

All notices required or permitted to be given hereunder shall be in writing and shall be deemed to have been given when mailed by certified mail, return receipt requested, or delivered by a national overnight delivery service or by email.

**20 Waivers.**

No claim or right arising out of a breach or default under this Agreement shall be discharged in whole or in part by a waiver of that claim or right unless the waiver is supported by consideration and is in writing and executed by the aggrieved party hereto or his or its duly authorized agent.

**21 Survival of Covenants.**

The provisions which by their nature survive, hereof shall survive the termination of this Agreement. Furthermore, any other provision of this Agreement that, by its terms, is intended to continue beyond the termination of the Founder's employment shall continue in effect thereafter.

**22 Dispute Resolution:**

Founders hereby agree that they will, at all times, act in good faith and make all attempts to resolve all differences howsoever arising out of or in connection with this Agreement by discussing internally between themselves otherwise at Board Level. However, if within 15 (fifteen) days of the commencement of the discussions at Board level the dispute is not resolved the dispute shall be referred to arbitration in accordance with Indian Arbitration and Conciliation Act, 1996.

**23 Governing law and jurisdiction**

This agreement shall be governed by the laws of India. Any dispute arising between the Parties in respect of this Agreement shall be subject to the exclusive jurisdiction of courts in Bangalore.

*(SIGNATURE PAGE ON NEXT PAGE)*

IN WITNESS WHEREOF, the Company has caused this Agreement to be signed and each Founder has executed this Agreement as of the date first written above.

<p><b>For</b> _____</p> <p><b>Signature:</b> <b>Name:</b> <b>Designation:</b> <b>Date:</b></p>
<p><b>Signature:</b> <b>Name:</b> <b>Date:</b></p>
<p><b>Signature:</b> <b>Name:</b> <b>Date:</b></p>
<p><b>Signature:</b> <b>Name:</b> <b>Date:</b></p>

## **Schedule 1**

The Reserved Matters requiring the affirmative vote of the all Directors shall be the following:

- a) alteration or changes to the rights, preferences or privileges of any equity share;
  - b) increase or decrease or other alteration or modification in the authorized number of the equity shares or Preference Shares or issuance of any shares/security by the Company;
  - c) creation (by reclassification or otherwise) of any new class or series of equity shares or preference shares;
  - d) sale, transfer, mortgage, charge, pledge, creation of a lien or other encumbrance, lease, exchange or other disposition of material assets or any interest therein or sale or disposition of any part of the undertaking and/ or goodwill of the Company or the Subsidiaries;
  - e) any action that results in the redemption or buy-back of any equity shares or Preference Shares of the Company except repurchases at cost upon terminations of employment;
  - f) entering into, variation or termination of any material agreement or arrangement outside the ordinary scope of business by the Company or the Subsidiaries;
  - g) changes in the authorized number of directors on the Board, the manner of appointment of Directors, or appointment of any directors;
  - h) declaration or payment of any dividends or other distributions on any shares of the Company;
  - i) amendments to the Memorandum of Association, Articles of Association and other charter or organizational documents of the Company or any of its subsidiaries;
  - j) formation of any subsidiary or entering into any joint venture or similar arrangement by the Company or any of its subsidiaries, acquisition of other businesses (other than short term investments in bank deposits/mutual funds to park short term surplus funds);
  - k) commencement of any new line of business other than as stated in the Main Objects clause of the Memorandum of Association of the Company which is in effect as on the date hereof;
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- l) any material transaction or dealings by the Company, its subsidiaries or any of their directors with any connected persons other than in the ordinary course of business (subject to the obligation to disclose all such transactions to the Investor);

- m) mergers, acquisitions, change of voting control, amalgamations, consolidations, spin-offs, sale of substantial assets, bankruptcy, voluntary liquidation, winding up, compromise with creditors, other similar or related actions, either by or of the Company;
- n) Expenditure desired / proposed by the Company being in variance of more than 25 % to the monthly pre approved Budget / Business Plan expenditure or an amount Rs. 15,00,000/- (Rupees Fifteen Lakhs Only) only for the purpose of capital expenditure. No expenditure exceeding the above stated variance/limits shall be incurred unless approved by Anand;
- o) change of the statutory or internal auditors of the Company;
- p) authorizing any indebtedness in excess of Rs. 15,00,000/- (Rupees Fifteen Lakhs Only) or creation of any lien or charges or mortgage or encumbrance on the assets of the Company in connection therewith;
- q) changes to material accounting or tax policies or practices;
- r) any change in the financial year for preparation of audited accounts;
- s) acquire or sell shares, securities, debentures, and bonds in or of any other company;
- t) winding up and/or Liquidation Events of the Company or any of its subsidiaries;
- u) conversion of the Company from a private company to a public company;
- v) each of the above with respect to each subsidiary of the Company;