Convertible Note Agreement (Startup)

Between the company and the noteholder named below. Effective on the date of the last signature.

This is a summary agreement for early-stage rounds. Issuing securities must follow the Companies Act, 2013 (private placement under section 42 and Rule 14, filing PAS-3 and MGT-14) and, for foreign investors, FEMA pricing and reporting. Have a lawyer review the final documents.

Under the Companies (Acceptance of Deposits) Rules, a convertible note is exempt from deposit rules only if the company is a DPIIT-recognised startup, the amount is at least ₹25 lakh in a single tranche, and it converts or is repaid within 10 years.

Company

LEGAL NAME

EMAIL

PHONE

PAN

ADDRESS

Noteholder

FULL NAME

EMAIL

PHONE

PAN

ADDRESS

CIN

DPIIT RECOGNITION NO. (IF ANY)

Note terms

PRINCIPAL (₹, MIN 25 LAKH)

INTEREST (% P.A., IF ANY)

MATURITY DATE

DISCOUNT TO NEXT ROUND (%)

VALUATION CAP (₹)

QUALIFIED ROUND SIZE (₹)

Conversion

1. On a qualified financing, the note converts into the securities issued in that round at the lower of the discounted price and the cap price.
2. On a sale of the company before conversion, the noteholder may choose repayment of 1.5x principal or

conversion at the cap.

3. At maturity, the noteholder may convert at the cap or ask for repayment of principal and accrued interest. Conversion or repayment must happen within 10 years of issue.
4. The note is unsecured and ranks ahead of shareholders on winding up.
5. The noteholder has no voting rights until conversion but receives annual accounts.

General terms

- Governing law. This document is governed by the laws of India.
- Entire agreement. This document is the whole agreement between the parties on its subject and replaces earlier discussions.
- Amendments. Changes are valid only in writing signed by both parties.
- Severability. If a clause is unenforceable, the rest of the document still applies.
- Notices. Notices may be sent to the email addresses given above and take effect on delivery.
- Electronic signatures. The parties agree to sign electronically; electronic signatures and records are valid under the Information Technology Act, 2000.

COURTS OF (CITY) FOR DISPUTES

Company

SIGNATURE

PRINTED NAME

DATE

Noteholder

SIGNATURE

PRINTED NAME

DATE