

Founder Vesting Agreement with IP Clause (India)

Documents equity vesting schedule with unconditional IP-equity separation clause

HOW TO USE THIS TEMPLATE

1. Execute alongside (not instead of) the Founder IP Assignment Agreement.
2. The critical clause: IP assignment is UNCONDITIONAL; equity vesting is CONDITIONAL.
3. Standard: 4-year vesting with 1-year cliff, monthly vesting thereafter.
4. Include acceleration provisions if desired — document them specifically.
5. Obtain board approval before executing.

PARTIES

Company — Full Legal Name	[Company full legal name and CIN]
Company — Address	[Registered office address]
Founder — Full Name	[Founder full legal name]
Founder — PAN	[PAN Number]
Founder — Designation	[Co-Founder and CEO / CTO / CMO / Other]
Date of Agreement	[DD Month YYYY]
Reference to IP Assignment Agreement	[Date of separately executed Founder IP Assignment Agreement]

EQUITY VESTING SCHEDULE

Parameter	Detail
Class of Shares	[Equity Shares / CCPS / Other] of Rs. [X] each fully paid up
Total Shares Subject to Vesting	[Number] shares representing [X]% of current paid-up capital
Vesting Commencement Date	[DD Month YYYY] — date of incorporation or date of joining
Cliff Period	[12] months from Vesting Commencement Date — no vesting before cliff
Shares Vesting at Cliff	[25%] of total = [X] shares vest on the cliff date
Post-Cliff Vesting	Remaining [75%] = [Y] shares vest in equal monthly instalments over [36] months
Monthly Instalment	[Z] shares per month for 36 months
Full Vesting Date	[DD Month YYYY] — [48] months from Vesting Commencement Date
Vesting Condition	Continued Active Engagement on each vesting date

1. EQUITY VESTING MECHANICS

1.1 Vesting Principle. The Founder's equity shall vest according to the schedule above. Before the Cliff date, no shares vest. On the Cliff date, 25% vests. The remaining 75% vests in equal monthly instalments over 36 months. All shares are fully vested at the end of the 48th month.

1.2 Effect of Vesting. Vesting means shares are released from the Company's buy-back right described in Clause 3. The Founder holds all shares from issuance, but unvested shares are subject to buy-back at face value if the Founder departs before full vesting.

1.3 Death or Disability. In the event of the Founder's death or permanent disability, all unvested shares shall vest immediately and the Company's buy-back right shall lapse.

1.4 Fractional Shares. Where vesting calculations produce fractions, fractions are rounded down and added to the next month's vesting, with all fractions resolved at Month 48.

2. ACCELERATION PROVISIONS

Acceleration Trigger	[Single trigger — all unvested shares vest on Change of Control] / [Double trigger — Change of Control + involuntary termination within 12 months] / [No acceleration]
Acceleration Amount (if triggered)	[100% of unvested shares] / [12 months of additional vesting] / [As specified]
Change of Control Definition	[>50% share acquisition by third party / Merger / Sale of all or substantially all assets]

2.1 Subject to the trigger and amount specified above, in the event of a Change of Control the Founder's unvested shares shall accelerate accordingly. If no acceleration is elected, the vesting schedule continues unchanged through a Change of Control.

3. COMPANY BUY-BACK RIGHT ON UNVESTED SHARES

3.1 Buy-Back Right. If the Founder ceases Active Engagement before full vesting (for any reason), the Company has the right (but not the obligation) to purchase all unvested shares at the Buy-Back Price.

Buy-Back Price — Bad Leaver	Face value: Rs. [X] per share — regardless of market valuation
Buy-Back Price — Good Leaver	[Face value] / [Fair market value by auditors] / [Formula]
Good Leaver Definition	Departure due to death, permanent disability, or unanimous Founder consent
Bad Leaver Definition	Any other departure — resignation, termination, misconduct
Buy-Back Exercise Period	[30] days from the date the Founder ceases Active Engagement
Payment Timeline	[30] days from date Company exercises buy-back right

3.2 Procedure. The Company shall deliver a written buy-back notice within the exercise period specifying the number of shares and price. On receipt and payment, the Founder shall execute Form SH-4, deliver share certificates, and take all steps to transfer the shares.

3.3 Transfer Restrictions. The Founder shall not sell, transfer, charge, or pledge any unvested shares without prior Board consent. Any purported transfer in violation is void.

4. INTELLECTUAL PROPERTY — UNCONDITIONAL AND SEPARATE FROM VESTING

4.1 IP Assignment Is Unconditional. The Founder confirms that they have executed a Founder IP Assignment Agreement referenced above. ALL IP assigned under that Agreement is and remains the EXCLUSIVE and UNCONDITIONAL property of the Company, regardless of: (a) the vesting status of any shares; (b) whether the Company exercises its buy-back right; (c) whether the Founder is a Good Leaver or Bad Leaver; (d) any dispute between the Parties; or (e) any other circumstance whatsoever.

4.2 No Reversion of IP. Under no circumstances shall the exercise of the buy-back right under this Agreement result in any reversion, reversal, or unwinding of any IP assignment.

4.3 Clear Statement. EQUITY ownership is determined by the vesting schedule in this Agreement — it is **CONDITIONAL**. IP ownership is determined by the Founder IP Assignment Agreement — it is **UNCONDITIONAL**. These operate entirely independently and do not affect each other.

5. REPRESENTATIONS AND WARRANTIES

5.1 The Founder represents that: (a) the Founder has full legal capacity to enter into this Agreement; (b) the shares subject to vesting are legally and beneficially owned by the Founder free of all encumbrances; (c) the Founder has simultaneously executed the Founder IP Assignment Agreement; and (d) the Founder has reviewed and understood all provisions, particularly the IP clauses.

6. GOVERNING LAW AND GENERAL PROVISIONS

6.1 Governing Law. Governed by the Companies Act 2013 and Indian Contract Act 1872.

6.2 Dispute Resolution. Arbitration in [City] under Arbitration & Conciliation Act 1996.

6.3 Entire Agreement. This Agreement together with the Founder IP Assignment Agreement constitutes the complete agreement on its subject matter.

6.4 Amendment. Amendments require written consent of both Parties and Board approval.

6.5 Stamp Duty. Execute on non-judicial stamp paper. Company bears stamp duty.

6.6 Regulatory Compliance. Any buy-back implemented under this Agreement must comply with Section 68 of the Companies Act 2013.

EXECUTION

COMPANY	FOUNDER
[Company Full Legal Name]	[Founder Full Legal Name]
Authorised Signatory: _____	Signature: _____
Name: _____	PAN: _____
Designation: _____	Name: _____
Date: _____	Date: _____
Place: _____	Place: _____

IMPORTANT NOTE

This Agreement **MUST** be executed alongside the Founder IP Assignment Agreement. IP assignment and equity vesting are **SEPARATE** and **INDEPENDENT** obligations. Template only — not legal advice. Execute on non-judicial stamp paper.

STATUTORY COMPLIANCE AND SHARE MECHANICS

7.1 Companies Act Compliance. The reverse vesting mechanism shall be effected in compliance with the Companies Act 2013. Any buy-back of unvested shares shall comply with Section 68 of the Companies Act 2013, or alternatively be structured as a transfer of shares from the Founder to the Company or other founders under a right of first refusal mechanism, as advised by the Company's legal counsel at the time of exercise.

7.2 Vesting Register. The Company shall maintain a vesting register recording, for each vesting date: the number of shares that vested; cumulative vested and unvested shares; and any acceleration events. This register shall be available to investors and acquirers during due diligence.

7.3 New Share Issuances and Anti-Dilution. If the Company issues new shares (to investors, employees, or others) while shares under this Agreement remain unvested, the number of shares subject to vesting shall be adjusted to reflect any split, consolidation, bonus issue, or rights issue, to preserve the Founder's percentage entitlement on a fully diluted basis. The vesting schedule percentages remain unchanged.

7.4 Investor Due Diligence Cooperation. The Founder acknowledges that investors conducting due diligence will review this Agreement as part of standard IP due diligence. The Founder agrees to: (a) confirm vesting status and IP assignment status in writing to investors when requested; (b) not make representations to investors about Company IP ownership that are inconsistent with this Agreement or the Founder IP Assignment Agreement; (c) promptly notify the Company of any IP claim or dispute that could affect investor representations; and (d) cooperate in preparing any IP-related disclosures required for a funding round.

7.5 Long-Term IP Maintenance Cooperation. The Founder agrees that their IP cooperation obligations under the Founder IP Assignment Agreement include cooperation in maintaining all patents and trademarks assigned to the Company for their full statutory term. Annual patent maintenance fees fall due on the anniversary of the filing date each year from Year 2. The Founder agrees to cooperate in executing any documents required for patent maintenance or for responding to any office actions issued by the Patent Office with respect to applications originally filed jointly with or by the Founder, even after the Founder has fully vested and regardless of whether the Founder remains associated with the Company.