

Reverse Vesting Agreement (India)

Implements reverse vesting on founder equity with Company buy-back rights on departure

HOW TO USE THIS TEMPLATE

1. Use when implementing vesting for founder shares already issued.
2. Also use when issuing new shares with reverse vesting conditions.
3. Reverse vesting: Company can buy back UNVESTED shares at face value if founder departs.
4. Execute alongside Co-Founder Agreement and Founder IP Assignment — not standalone.
5. Obtain board approval and any required shareholder consent before executing.

PARTIES

Company — Full Legal Name	[Company full legal name and CIN]
Company — Address	[Registered office address]
Founder / Shareholder — Full Name	[Founder full legal name]
Founder — PAN	[PAN Number]
Founder — Designation	[Co-Founder and CEO / CTO / CMO / Other]
Shares Subject to Reverse Vesting	[Number] equity shares of Rs. [X] each
Share Certificate Numbers	[Certificate number(s) if already issued]
Total Founder Shareholding	[X]% of total paid-up capital
Board Approval Date	[DD Month YYYY]
Date of Agreement	[DD Month YYYY]
Vesting Start Date	[DD Month YYYY]

1. DEFINITIONS

"Active Engagement" means the Founder actively performing their role as an employee or executive of the Company on substantially full-time basis, and not under notice of termination or resignation.

"Bad Leaver" means a Founder who ceases Active Engagement for any reason other than as a Good Leaver, including voluntary resignation, termination for cause, breach of obligations, or criminal conviction.

"Buy-Back Price" means the price per share at which the Company may exercise its buy-back right on unvested shares, as specified in Clause 3.2.

"Change of Control" means any transaction resulting in a third party acquiring more than 50% of the voting shares, whether by share purchase, merger, or otherwise.

"Good Leaver" means a Founder who ceases Active Engagement due to death, permanent physical disability, terminal illness, or departure with unanimous written consent of all other Founders.

"**Unvested Shares**" means, at any given time, shares subject to this Agreement that have not yet vested according to the Vesting Schedule.

"**Vested Shares**" means shares that have vested and been released from the Company's buy-back right.

2. REVERSE VESTING SCHEDULE

2.1 Vesting Schedule. The Founder's shares shall be released from the Company's buy-back right according to the following schedule:

Milestone	Shares Vesting	Cumulative Vested	Date
Cliff (12 months)	25% of total = [X] shares	[X] shares (25%)	[Vesting Start + 12 months]
Month 13 onwards	[Y] shares per month (1/36 of remaining)	Progressive monthly	Each month for 36 months
Month 48 — Full Vesting	All remaining shares	[Total] shares (100%)	[Vesting Start + 48 months]

2.2 Continued Engagement. Shares vest only if the Founder is in Active Engagement on the relevant vesting date. Vesting is not retroactive.

2.3 Fractional Shares. Fractions are rounded down and added to the next month's vesting, with all fractions resolved at Month 48.

3. COMPANY BUY-BACK RIGHT

3.1 Buy-Back Right. If the Founder ceases Active Engagement before full vesting, the Company has the right (but not the obligation) to purchase all Unvested Shares at the Buy-Back Price, within the exercise period.

Buy-Back Price — Bad Leaver	Face value: Rs. [X] per share — regardless of market value
Buy-Back Price — Good Leaver	[Face value] / [Fair market value by auditors] / [Agreed formula]
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
Form of Payment	[Cash / NEFT/RTGS]

3.2 Procedure. To exercise, the Company delivers written notice within the exercise period specifying number of shares and price. On payment, the Founder executes Form SH-4, delivers share certificates, and takes all steps to transfer.

3.3 Transfer Restrictions. The Founder shall not sell, transfer, charge, or pledge any Unvested Shares without prior Board consent. Purported transfers in violation are void.

3.4 Forfeiture by Bad Leaver. A Bad Leaver shall forfeit all Unvested Shares immediately on ceasing Active Engagement. The Company's buy-back right shall be deemed exercised automatically unless the Company elects otherwise within the exercise period.

4. ACCELERATION

4.1 Death or Disability. If the Founder ceases Active Engagement due to death or permanent disability, all Unvested Shares vest immediately and the Company's buy-back right lapses.

Acceleration on Change of Control	[Single trigger — all unvested shares vest on Change of Control] / [Double trigger — only if Founder also involuntarily terminated] / [No acceleration]
--	---

Acceleration Amount	[100% of unvested shares] / [12 months additional vesting] / [None]
----------------------------	---

5. IP OWNERSHIP — ENTIRELY INDEPENDENT OF VESTING

5.1 IP Assignment Unconditional. The Founder confirms that they have separately executed a Founder IP Assignment Agreement. ALL IP assigned thereunder 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 the buy-back right; (c) whether the Founder is a Good Leaver or Bad Leaver; or (d) any dispute between the Parties.

5.2 No Reversion. Under no circumstances shall the exercise of the buy-back right result in any reversion or unwinding of any IP assignment. IP and equity are entirely independent.

6. REPRESENTATIONS AND WARRANTIES

6.1 The Founder represents that: (a) they are the sole legal and beneficial owner of all shares subject to this Agreement; (b) such shares are free of encumbrances; (c) they have full legal capacity to enter into this Agreement; and (d) this Agreement does not conflict with any other agreement.

7. GENERAL PROVISIONS

7.1 Governing Law. Governed by the Companies Act 2013 and Indian Contract Act 1872. Jurisdiction: courts of [City].

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

7.3 Entire Agreement. Together with Co-Founder Agreement and IP Assignment Agreement, constitutes the complete agreement.

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

7.5 Regulatory Compliance. Buy-back must comply with Section 68 of Companies Act 2013 or be structured as share transfer.

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

7.7 Counterparts. May be executed in counterparts. PDF signatures valid.

EXECUTION

COMPANY	FOUNDER / SHAREHOLDER
[Company Full Legal Name]	[Founder Full Legal Name]
Authorised Signatory: _____	Signature: _____
Name: _____	PAN: _____
Designation: _____	Name: _____
Date: _____	Date: _____
Company Seal (if applicable):	Place: _____

IMPORTANT NOTE

Buy-back of shares must comply with Section 68 of the Companies Act 2013 or be structured as share transfer. Obtain legal and regulatory advice. Template only — not legal advice.

SHARE TRANSFER MECHANICS AND STATUTORY COMPLIANCE

8.1 Share Transfer Documentation. Any transfer of Unvested Shares pursuant to the Company's buy-back right shall be effected by: (a) the Founder executing Form SH-4 (Instrument of Transfer of Securities) in favour of the Company or its nominee; (b) the Founder delivering original share certificates to the Company; (c) the Board passing a resolution approving the transfer; (d) recording the transfer in the Register of Members; and (e) issuing a new certificate for any remaining vested shares. The Founder hereby irrevocably grants to the Company's CEO the power to execute all transfer documents on the Founder's behalf if the Founder fails to do so within seven (7) days of request.

8.2 Companies Act Compliance. The Parties acknowledge that a buy-back under Section 68 of the Companies Act 2013 requires specific conditions including Board resolution, 25% cap on buy-back amount, and declaration of solvency. If a Section 68 buy-back is not feasible at the relevant time, the Parties agree to cooperate in implementing an alternative mechanism, including a transfer of shares to remaining founders or a trust, to achieve the same economic outcome.

8.3 Interaction with Shareholders' Agreement and Articles. This Agreement shall be read together with the Company's Articles of Association and any Shareholders' Agreement. In the event of inconsistency, the Articles shall prevail to the extent required by law. Where both a right of first refusal under a Shareholders' Agreement and the buy-back right under this Agreement are triggered by the Founder's departure, the buy-back right under this Agreement shall take priority.

8.4 Future Investor Requirements. The Parties acknowledge that investors in future funding rounds may require amendments to the vesting schedule, buy-back price, or other terms of this Agreement as a condition of investment. The Founder agrees to negotiate in good faith with respect to any such amendments, provided that any amendment that materially reduces the Founder's vesting entitlement shall require the Founder's written consent.

8.5 Tax Implications. Any buy-back or transfer of shares under this Agreement may have tax implications for both the Company and the Founder under the Income Tax Act 1961, including potential capital gains tax for the Founder and applicable taxes for the Company. Each Party shall obtain independent tax advice regarding their own tax obligations arising from any buy-back or transfer. The Buy-Back Price specified in this Agreement is exclusive of any taxes, which shall be borne by the respective Parties according to applicable law.