

Overview & Philosophy

The Indian Angel Network (IAN) is a group of Angel Investors who share a passion for nurturing and investing in start up / early stage businesses, which have the potential to scale and create disproportionate value. IAN has been at the forefront of seed / early stage investing both in India and overseas. The Network believes that entrepreneurs starting out require more than just money to succeed. They require close mentoring and inputs on strategy as well as execution and the success rate of early stage businesses can be significantly enhanced if such guidance is available on a constant basis. It therefore endeavours to bring “Money, Mentoring and Market Access” to young start up companies. In line with this philosophy, IAN Investors are people who have had prior entrepreneurial and/or strong operational experience, collectively commit not just money, but also their time and expertise to investee companies and access to their global networks. IAN always endeavours to always be fair to entrepreneurs and provides invaluable mentoring, advice and guidance to even those entrepreneurs in whom it does not invest.

The Indian Angel Network seeks to be a major catalyst and driver in creating a robust and vibrant early stage entrepreneurial eco system in India. It aspires to be the largest player in this eco system and the preferred choice and first port of call for any serious entrepreneur with an innovative idea, IP, business plan, a start up venture or one needing the first round of institutional investment.

IAN could look at selecting certain investment theses and building special interest groups. These special interest groups would be created to highlight these kind of investment theses & position IAN as a player in that specific eco system, engage the relevant investors from within IAN and outside, allow for relevant investment structures and return expectations.

IAN has now launched a Venture Capital Fund (SEBI regulated AIF Category I) as a logical next step to creating the country’s largest horizontal investment & value creation platform for early stage companies. This will enable the IAN platform to attract the best entrepreneurs & the best investors. IAN’s vision is to create a series of such early stage funds, supporting and bolstering the IAN portfolio companies. The Fund will complement and significantly strengthen the Network’ strengths in sourcing and evaluating deals, mentoring, helping its portfolio companies scale locally and globally, raising next round investments and enabling profitable exits. It will invest in the angel round as well as subsequent rounds of IAN deals and also help bring in VCs / Corporates to partner and invest in IAN portfolio companies. This will provide a longer runway and increase the scale of success of IAN’s high performing portfolio companies.

The Fund will make a few investments outside the IAN portfolio where it will offer IAN members the opportunity to co invest. It will also provide an opportunity to lead investors to get a share in the Fund’s carry. This will bring our investors to engage even more closely and our portfolio companies to build faster!

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IAN actively engages with the government to educate and help facilitate adoption of policies and procedures which creates an enabling environment for entrepreneurs and angel investors such as the creation of SEBI's Angel Fund category, conducive tax policies, creating an SME exchange, etc.

IAN looks at investing in ventures from across India, including some overseas ones that have India centricity / leverage. Its investor members are drawn from all over India and overseas

Indian Angel Network does not maintain a fixed corpus and does not have a fixed time horizon for making investments. As a broad guideline, it is expected that members will invest at least Rs. 25 lakhs per annum. However, the IAN Fund will have a fixed corpus of fund, investment & divestment period.

Indian Angel Network is not a secretive body; in fact, it will proactively seek positive publicity with a view to being seen as the investor group of choice by Indian start ups.

All members will sign this document and related ones, embedded in this document, in acceptance of the broad principles that will govern the functioning of the Indian Angel Network. The Network members will also agree to adhere to code of confidentiality regarding all opportunities tabled at the forum, diligence, investment and valuation discussions regarding opportunities tabled as well as portfolio companies. Details of any deal, entrepreneurs, etc. will be kept strictly confidential and will not be discussed or revealed outside the Network. The Network members will also agree to a high code of conduct in their interaction with entrepreneurs, peer members, and the eco system at large, especially as a representative and member of IAN.

This document aims to evolve and spell out a framework under which likeminded members can "network" together and work synergistically to achieve common objectives in the above areas, while not having to operate under the more traditional but rigid models such as VCs, etc. At the same time, it is recognized that, in order to ensure longevity and scalability of this new model, there needs to be some basic rules and operating guidelines that all members adhere to and these are outlined in this document.

Areas of Interest

Indian Angel Network invests in start up and early stage businesses, with a potential to create disproportionate value, in ventures across sectors and geographies where it has the ability to diligence and add value. IAN & the IAN Fund is sector agnostic but size specific

Investment Amount

The Network looks at investing anywhere from a Rs. 25 Lakhs to Rs. 6 crores though its sweet spot has been Rs. 3 crores. On an average, it looks to exit over a 2 to 5 year horizon through a secondary

or strategic, M&A or even an IPO, though that is rare. The IAN Fund, would invest a maximum of Rs. 1.20 crores in an angel round (i.e. 20% of the Network round).

IAN Fund

IAN Fund I is aligned to strengthen the IAN platform. The investment thesis of this fund is divided into 3 buckets, while it will remain sector agnostic:

- a. Invest in the first round of every deal invested by IAN Members by investing 20% of the IAN round, with the balance 80% being subscribed to by the IAN members.
- b. Invest in follow on rounds of IAN portfolio companies and also bring in co investors providing them a run way for an even faster growth
- c. Fund a few non IAN Portfolio companies with investment, with an option to IAN members to invest up to 20% of the Fund's investment. This provides IAN members to risk hedge their early stage portfolio.

Membership

There are two categories of membership, Individual and Institutional. Both categories of members need to abide by the governance rules set out in this framework document and any other rules that IAN publishes from time to time. The fee for institutional members is higher than for individual members.

- Individual members are inducted in their individual capacity only and not as representatives of any organization. Members in this category can make the payment of their annual fees as also investments in the IAN investee companies only in their name (this includes jointly with dependant family members or through wholly owned personal investment companies or Trusts).
- Institutional members will be joining as representatives of an institution. Any investments made in ventures would need to be in the name of that institution only. A maximum of 3 specified senior members from the institution would be given access to deal flow, pitch sessions, diligences, investor calls, etc.
- Members of the Indian Angel Network are from across India and overseas. It currently has operations in Delhi, Mumbai, Bangalore, Hyderabad and Pune in India and in London, UK. IAN will continue to extend to other cities & countries.
- New members may only be proposed by existing members. Potential new members who may have connected with the IAN Management team would be encouraged to find a sponsor from the existing members. Members are expected to do their own diligence on the person / organisation they are nominating such as their areas of

expertise, the time they can spend on the Network's activities, their ability and inclination to invest, any areas of conflicts, etc. The recommending member's assistance / guidance will be sought by IAN any time in the future, in case of any conflict / complex situations with the recommended member.

In either case, the IAN Management Team will circulate profiles of all proposed invitees as well as the recommending member's note to all Network members. If any member of the Network or the IAN Management team has an objection to any proposed name they should communicate the same to the President / Vice President of IAN or any member / s of the Board. The Governance Committee will be responsible for resolution of such issues.

- Invitations will then be sent out to the accepted members. They become members of IAN on payment of the requisite fees, signing of the Framework Document, Code of Conduct, Investor Relationship Agreement & Power of Attorney.

Investment Process

- Entrepreneurs can send in their proposals / business plans directly to the IAN Management Team or through an IAN member. Members are encouraged to refer deals that they find attractive to the Network.
- If any entrepreneur is "sponsored" by an IAN member, then they would not need to go through the IAN Management team's vetting process and would directly present, in person, at the Network's monthly forum as a "sponsored" deal. However, the IAN Management team will vet the deal and provide its inputs to the IAN Member and also share its findings with the larger investor group, when the deal is presented to the Network Sponsorship does not obligate a member to invest but does imply that the member has vetted the proposal and considers it worthy to be presented to the larger group.
- Deals that come directly to the Management Team or are simply referred (not sponsored) by members will be vetted by the Management Team as per the process followed for deals received directly to the Management Team. In all cases, the Management team will take the help of a member/s who has the domain expertise (as indicated by him / her) to get a deeper understanding of the opportunity, etc. These shortlisted deals will be presented to the members at the Network's weekly forums (in Delhi, Bangalore, Mumbai, Hyderabad, Pune or London). A lead investor, who would drive the diligence in future, can be identified at this point as well. If the opportunity is not shortlisted, the entrepreneur will be declined with feedback. In case the feedback from the member is not received within 7 days then the Management Team will do the Elevator Pitch session and decide to shortlist or decline.

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- A slide deck with brief executive summary will be circulated to all the Network members ahead of the presentation at the monthly forum. However, at the investor forum a more detailed slide deck will be presented by the entrepreneur.
- At the weekly forum, one or two members who are interested in a particular deal will become lead / co lead group to take the discussions with the entrepreneur offline and engage in further due diligence, etc. These meetings / interactions will be coordinated by the IAN Management Team, which at all times will be kept in the loop on the progress. The process will be carried forward in the spirit of mentorship and guidance as mentioned earlier.
- This lead / co lead group, will lead all discussions on deal valuation, structure and closure with the entrepreneur. For the entrepreneur, the lead member and the IAN Management team member will be the points of contact for such discussions. No other member would engage in discussions with the entrepreneur without the knowledge of the lead / co leads and Management Team.
- If the lead / co lead group decides to decline an investment, then this must be done within 30 days after the deal has been presented at the monthly forum. The decline must be accompanied by feedback, advice that can be given to the entrepreneur. If the lead / s decide to progress the deal then it should aim to have an agreed term sheet within 30 days of the deal being presented at the weekly forum.
- IAN's standard term sheet would be used in all cases. IAN will always seek at least one board seat in each investee company, invest in multiple tranches linked to milestones, apart from other conditions in the Term sheet. If any lead / co lead feel a compelling need to change any of the terms, then they would need to refer to the IAN Management Team which will take appropriate legal opinion on the implications and revert. The term sheet will have to be co signed by the lead/s, the entrepreneur/s as well as the nominated member of the IAN Management team
- For investments above Rs. 25 lakhs / GBP 30K / US\$50K, the terms of the investment along with the business case for the investment developed by the lead would then be circulated by the Management team to all IAN members. After 2 days, an investor call would be set up where the entrepreneurs and the lead/s would present the company and investment rationale to investors. Subscription to the investment will open immediately after this conference call and commitments for subscription will remain open for 8 days from the end of the call or till the requisite subscription amount & number of investors has been reached. Members may reverse / change their commitments during these 8 days but no change will be permitted once the 8 day / subscription period is over.

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- Deals raising investments of Rs. 25 lakhs / GBP 30K / US\$50K or below, no pitch sessions will be required and subscription to the deal will remain open for 48 hours after the investor call and all changes will be permitted only within these 48 hours.
- Number of investors in each deal (including leads, IAN Fund and excluding IANPL), would be restricted to as follows:
 - For every company, raising investment of up to Rs. 75 lakhs / GBP 125K / US\$150K, a maximum of 10 investors will be included
 - For investment rounds between Rs. 75 lakhs & Rs. 3 crores / between USD 150K – 500 K / GBP 125K - 300K, the first 35 investors will be accepted on a first come first serve basis.
 - For investment rounds above Rs. 3 crores / GBP 300K/ USD 500K, the first 50 investors will be accepted on a first come first serve basis. Therefore, each investor who indicates pari passu should be aware that this will be across the investors, excluding the leads, IAN Fund & IANPL.
 - in case the first 10 / 35 / 50 investors' total commitment falls short of the required amount, then the top 10 / 35 / 50 investors (in order of committed amount), including leads, IAN Fund and excluding IANPL, would be accepted.
- The principle of pari passu would be followed across all 10/35/50 investors, excluding the leads, IAN Fund (subject to regulatory approvals for overseas investments) & IANPL.
- For Investment rounds of Rs. 75 lakhs / GBP 125K / US\$150K or below, in Indian or overseas companies, the number of investors would range from 10 investors per deal, including the leads & IAN Fund and excluding IANPL.
- All investment announcements & investor calls will be made between 7 and 730pm India time
- In investment raises above Rs. 75 lakhs / GBP 125K / US\$150K, the lead/s would have the right but not the obligation, to collectively invest up to 20% of the subscription amount or the pari passu amount, whichever is higher, the IAN Fund will invest 20% of the round invested by IAN investors. In investment raises of up to Rs. 75 lakhs / GBP 125K / US\$150K and below, the lead/s would have the option to invest up to 50% of the subscription amount and the IAN Fund will invest 20% of the round provided 80% is invested by IAN investors, including leads.
- It is essential for an investee company which is raising the next round at IAN to have an IAN member who is not an investor in the company to be a lead. This ensures a neutral diligence of the company and its progress, as well as arriving at a fair valuation. Therefore, this new lead would be included in the ROFR applicable to the first / earlier round investors and be able to invest up to 20% of the new round, along with the earlier leads.

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- In all cases, the lead/lead group would be allocated shares equivalent to 3% of the subscription amount through the mechanism of partially paid up shares. The shares will only be allotted as partly paid up. This will be carved out of the equity taken by the IAN Investors and IAN Fund.
- For the balance amount, the basic investment principle for deals that are oversubscribed is pari passu. The minimum investment a member can subscribe to Rs. 5 lakhs in an Indian Company, US\$ 10,000 in a US company and GBP 7,500 in a UK company, subject to pari passu. Members should also indicate the maximum amount that they wish to invest in the deal as that becomes relevant in a deal which is not over subscribed. IAN Management Team members will be allowed to invest in IAN investee companies on the same terms as the members, without any minimum requirement.
- The Management team will be kept in the loop and will coordinate the entire process. On the completion of the subscription period, 8 days or 48 hours, depending on the size of investment being raised, the Management Team will form the final investor group for the deal and communicate the exact investment amount to each investor. Any investor who has committed to invest and not withdrawn that commitment during these 8 days or 48 hours, is obligated to invest and if he / she backs out from the investment, then they will forfeit their membership of the Network. The IAN Fund's commitment will not be subject to pari passu.
- The Management Team will work with the lead/s to get the due diligence done for the company and then have the standard Share Purchase agreement signed. As in the case of the term sheet, any deviations from the standard will have to be referred back to the Management Team which will take appropriate legal opinion for implications before reverting.
- Investee companies will be charged by the third party service providers who will conduct the financial and legal diligence. The Management Team will negotiate with the service providers to ensure that these fees are not more than 2% (excluding service tax) of the investment round. This amount will need to be paid at the close of the first tranche by the portfolio company.
- Members will invest directly into the company. To ensure that the IAN investors invest together and work on a consensus basis for major discussions, the members, including the IAN Fund, will agree and sign an Investor Relations Agreement (IRA) which defines the interse relationship between investors. The IRA also includes a Power of Attorney (PoA) to Indian Angel Network Services Pvt. Ltd. (IANPL), which collects the membership fees. IANPL is used as a vehicle to simplify the execution and operation of the investment and exit process. Through the PoA, the members & IAN Fund would authorise

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IANPL to sign the SHAs on their behalf and will agree that they will be bound by the SHA so signed. In all cases, IANPL will be governed by and obliged to follow the instructions given to it and the process / rules relating to these matters as detailed in the IRA, SHA etc.

- Though the IRA and PoA will need to be executed separately, since the PoA is part of the IRA, it will be governed by the IRA and each investor would therefore have agreed to the contents and form of both the documents. The IRA & PoA will be signed just once by each IAN Investor & the IAN Fund immediately prior to the member's first investment commitment and each investor would therefore have agreed to the contents and form of both the documents.
- The IRA will NOT be shared with the entrepreneur. However, a clause will be included in the SHA (Share Holders Agreement) signed with the entrepreneur, which links the IRA and SHA to ensure that the provisions in the IRA are implementable through the SHA.
- The Statutory board of IAN will delegate authority to the head of the IAN Management Team to execute all such documents on a deal by deal basis through board resolutions. For the avoidance of any doubt, all other business matters relating to the investee companies will be governed by the IAN director and the IAN investors in the company, as prescribed in the IRA.
- Members including the IAN Fund, when investing in an opportunity, will identify who, from within their group would be most appropriate to represent them on the Board of the company (there could be more than one board member) or as Advisor, based on their ability to mentor and guide the company at strategic / operational levels. The IAN investor group would have the right, as outlined in the IRA, to change the person / persons at any time.
- Members will pay 1% of their investment commitment to IANPL as a service fee. This amount of 1% of the IAN investment will then be invested by IANPL in each deal, making IANPL a shareholder in every deal. It will sign every SHA in its own right as a shareholder in addition to having a PoA from the members. Part of IANPL's investment will be made as partly paid up shares, so that IANPL retains its rights as a shareholder at all times and has the ability to execute the tasks assigned to it through the IRA and PoA.
- Board members / Advisors to the investee company are encouraged to keep the investing subgroup engaged and informed about the investee company's strategy and progress and share quarterly reports with them and the nominated person of the IAN Management Team.

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- IAN members are expected to join and participate in induction programs and sessions on angel investing within the first year of their membership. These will be hosted in each of city where IAN is operating.

Restrictions on Members, individual or institutional, during investment process:

- No member, can bring a deal to the table where he / she has any existing arrangement for equity (stock or stock options), consulting / advisory fees, board positions, etc. which is contingent on IAN making an investment.
- However, if any such arrangement is an existing condition (the member is already on the board of the company or has been getting advisory fees or has stock / stock options which have already been issued) provided the deal is not contingent on IAN making an investment, then the deal can come to the table with all the necessary disclosures. However, if the deal comes to IAN within 90 days of any such arrangements having been concluded then IAN members would get the same terms as the member bringing the deal to the table.
- If a member has any conflict of interest in a deal, he/she needs to immediately notify the IAN Management Team and would then be excluded from all further discussions.
- If any Network member, institutional or individual, was already pursuing a deal before it came to the Network, then he/ she would need to immediately notify the Management Team and they will then be excluded from the process going forward for that particular deal, unless they are agreeable to investing as part of IAN on pari passu basis.
- While the process is underway, no network member (individual or institutional) or IAN Fund would have parallel discussions with the entrepreneur outside of the process, nor enter into any separate understanding for any consideration.
- Once a plan has been declined by IAN, members and / or IAN fund are free to engage directly with those entrepreneurs in any manner they want.

Penalties & Forfeiture of Membership:

- The following penalty will be levied on all 'call for monies' announced and remittances (including payments to IAN) not remitted:
 - For any delay beyond 2 weeks from the date of "Call for monies": a penalty of Rs. 2,000/- week will be charged by IAN
 - After delays in 3 remittances (beyond 2 weeks from "Call for monies") OR any remittance delayed beyond 6 weeks: Investment opportunities will be blocked for a quarter.

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- The following penalty will be levied on delay of membership fees:
 - Beyond 3 months from date of invoice: investment opportunities will be blocked till membership fees are paid
 - Beyond 6 months from date of invoice: membership will automatically terminate.
- Any member, individual or institutional, breaching any material term/s of this framework document, would forfeit their membership.
- Examples of such breaches would be not honouring commitments to invest, non-payment of membership fees, violating any of the restrictions outlined above during the investment process, etc.

IAN Management Team

- The Indian Angel Network has a central management team in New Delhi, headed by a President and team members in each city to do the following:
 - Create and develop investment opportunities
 - Evaluate the opportunities at the first stage, including initial interviews
 - Coach entrepreneurs for presentations to the Network
 - Handle member recruitment, communications and relationships
 - Adherence to defined process for deal flows, etc.
 - Coordinate due diligence and investments on behalf of the Investing group
 - Interact with Network members
 - Handle publicity and public relations
 - Help companies post investment

Membership Contributions

1. Individual members
 - A. India based:
 - Joining fee : Rs 120,000/-
 - Recurring Annual fee: Rs. 60,000/-
2. Institutional members
 - A. India based:
 - Joining fee : Rs. 200,000/-
 - Recurring Annual fee: Rs. 300,000/-

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Overseas Members : The equivalent of the above fees will be charged in the local currency of the member, at the exchange rate on the date of the Membership invoice.

Above amounts are exclusive of service / GST taxes. The fees are subject to review by the Network from time to time. The membership to the Network will be annualised i.e. effective for 12 months from the date of becoming a member.

Governance

➤ The Statutory board of IANPL comprises the following members of IAN:

- Ajai Chowdhry
- Alok Mittal
- Harish Mehta
- Mohit Goyal
- Padmaja Ruparel
- Pradeep Gupta
- Raman Roy
- Saurabh Srivastava

The Statutory Board is responsible for all statutory and compliance related matters of Indian Angel Network.

➤ Based on this framework, the specific rules and processes will be communicated from time to time by the Board. An overall principle of broad agreement will be adopted when dealing with significant changes.

➤ All member engagement, breach or conflict issues will be resolved by the Governance Committee comprising:

- Ajai Chowdhry
- Harish Mehta
- Mohit Goyal
- Raman Roy
- Padmaja Ruparel

➤ Statutory Board, Governance Committee and Management Team will not be responsible in any way for any investment decisions taken by the members, the correctness of any

information that it receives and disseminates, any remittances / information / statutory compliances due to members on account of any portfolio company, etc. In signing this document, each member specifically indemnifies the Indian Angel Network Services Pvt. Ltd., its employees, consultants and Directors against any such liability.

- Nothing stated herein should be deemed to create a partnership among the members; nor give any authorization to any member to act for or assume any obligation or responsibility on behalf of, any other member, the Indian Angel Network Services Pvt. Ltd., its employees, consultants and its Directors, other than that which has been expressly provided for herein.

Affiliations

- Indian Angel Network will actively develop close ties with other early stage investors such as state funds and venture capitalists, to leverage the relationships and be able to make larger co-investments than what the Network members may be willing to do as well as with other organizations who can provide value to IAN and its investee companies.

MEMBER'S DETAILS

NAME :

ADDRESS FOR COMMUNICATION :

MOBILE NO :

ALTERNATE NO :

EMAIL ID :

CATEGORY OF MEMBERSHIP : INDIVIDUAL / INSTITUTIONAL

PROFILE & PHOTOGRAPH (FOR INDIVIDUAL MEMBERS) AND COMPANY PROFILE & LOGO
(FOR INSTITUTIONAL MEMBERS) CAN BE HOSTED ON THE IAN WEBSITE :www.indianangelnetwork.com

By Signing the IAN Framework Document, I agree to all the rules and bye laws of the following documents :

- a. IAN Framework Document
- b. IAN Code of Conduct
- c. IAN Investor Relationship Agreement
- d. IAN LEADE NOTE
- e. IAN REMITTANCES & FEES NOTE

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Member's Signature

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On behalf of

Indian Angel Network Services Pvt. Ltd.

Date :

Date :