

FOUNDERS AGREEMENT TEMPLATE



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FOUNDERS AGREEMENT

This Founders' Agreement ("Agreement") is made and entered into on this ____ day of _____, 20 ("Effective Date"), by and among the following individuals, collectively referred to as the "Founders" and individually as a "Founder":

[Founder 1 Name], residing at [Address], bearing PAN [PAN No.],

[Founder 2 Name], residing at [Address], bearing PAN [PAN No.],

(Include additional Founders as necessary)

WHEREAS, the Founders propose to establish a company tentatively named [Startup Name] (the "Company") to engage in [brief description of business];

WHEREAS, the Founders wish to enter into this Agreement to set forth the terms and conditions governing their relationship and their respective rights and obligations with respect to the Company;

NOW, THEREFORE, in consideration of the mutual covenants and premises set forth herein, the Founders agree as follows:

1. DEFINITIONS

1.1 "**Board**" shall mean the Board of Directors of the Company.

1.2 "**Business**" shall mean the principal business activities of the Company as described in Clause.

1.3 "**Confidential Information**" shall include all non-public information including trade secrets, financial data, business models, client lists, product strategies, technical know-how, and any other proprietary information disclosed by one Founder to another.

2. OBJECTIVE AND BUSINESS OF THE COMPANY

2.1 The Founders agree that the Company shall be engaged in the business of [insert business line/sector], with the primary objective of developing scalable, technology-enabled solutions that offer commercial value.

2.2 The business plan, as amended from time to time by the Board, shall serve as a strategic roadmap for execution.

3. CAPITAL STRUCTURE AND SHAREHOLDING

3.1 Each Founder agrees to subscribe to the following equity in the Company.

Name	Shareholding	Contribution (Cash/IP/Other)
	%	
	%	

3.2 Contributions may include monetary investment, intellectual property, know-how, physical assets, or sweat equity.

3.3 All equity shall be issued as fully paid-up equity shares. The Company may issue additional shares subject to approval by shareholders representing at least 75% of the paid-up share capital.

3.4 Founders shall have pre-emptive rights to subscribe to new equity issuances on a pro-rata basis.

4. VESTING OF SHARES

4.1 All Founders agree that their equity shall be subject to a vesting schedule as follows:

- (a) 4-year vesting with a 1-year cliff
- (b) Monthly vesting after the cliff (i.e., 1/48th per month)

4.2 Founders leaving voluntarily or terminated with cause before full vesting shall forfeit unvested shares.

4.3 The Company may repurchase forfeited shares at the nominal face value or a discounted fair market value, as agreed upon by the Board.

4.4 Accelerated vesting may be granted in case of change in control or liquidation event, subject to Board approval.

5. ROLES, RESPONSIBILITIES AND TIME COMMITMENT

5.1 Each Founder shall devote their full professional time and best efforts to the growth and development of the Company.

5.2 Key responsibilities shall be allocated as follows:

- (a) Founder 1: Chief Executive Officer – strategic leadership, investor management, business development.
- (b) Founder 2: Chief Technology Officer – product roadmap, engineering team management, infrastructure scaling.

5.3 Founders shall prepare monthly reports detailing key deliverables and progress.

5.4 Any material deviation from allocated roles must be approved by the Board in writing.

6. INTELLECTUAL PROPERTY (IP)

6.1 All inventions, improvements, trade secrets, source code, designs, and any other intellectual property developed by a Founder during their association with the Company shall be assigned to the Company.

6.2 Each Founder shall execute a separate IP Assignment Deed in favor of the Company, if required.

6.3 The Company shall maintain a register of all IP developed and contributed.

7. NON-COMPETE AND NON-SOLICITATION

7.1 During the tenure of this Agreement and for 12 months thereafter, no Founder shall:

- (a) Engage in any business which directly competes with the Business of the Company;
- (b) Solicit or hire any employees, vendors, or contractors of the Company;
- (c) Induce any investor or customer to terminate or alter their business relationship with the Company.

7.2 Exceptions to this clause may be granted by unanimous consent of the remaining Founders.

8. EXCLUSIVITY

8.1 No Founder shall engage, whether directly or indirectly, in any professional or business activity outside the scope of the Company, unless explicitly permitted in writing by the Board.

8.2 Founders may be allowed to mentor or invest in other startups only with prior disclosure and written consent.

9. DECISION-MAKING, GOVERNANCE & DEADLOCK RESOLUTION

9.1 Day-to-day operational decisions may be taken by the designated executive team or management committee.

9.2 Strategic decisions including but not limited to fundraising, major investments, acquisition offers, significant hiring or terminations, and changes to capital structure require 75% approval of shareholding Founders.

9.3 In case of unresolved deadlock:

- (a) The matter shall be referred to an independent advisor mutually agreed upon;
- (b) If unresolved within 30 days, the dispute shall proceed to arbitration under Clause 14;
- (c) During the deadlock, no Founder shall take unilateral action unless approved by the majority.

10. REMUNERATION AND EXPENSES

10.1 Until the Company reaches revenue sustainability or secures external funding, Founders may draw nominal stipends, as agreed in writing.

10.2 Post-funding or profitability, monthly remuneration shall be:

Founder	Monthly Remuneration	Performance Bonus Eligibility

10.3 Any increase, ESOP allotment, or bonus shall require Board approval.

10.4 Business-related expenses must be pre-approved and shall be reimbursed upon submission of valid documentation.

11. EXIT OF A FOUNDER

11.1 Founders shall provide 90 days written notice prior to exit.

11.2 The Company or other Founders shall have a first right to repurchase vested shares at FMV, to be determined by an independent valuer.

11.3 Founders shall not transfer shares to any third party without offering the same to existing Founders under ROFR terms.

11.4 Departing Founders shall assist in transition and handover of responsibilities.

11.5 The Company may restrict the usage of its brand name, proprietary technology, or business model post-exit.

12. TERMINATION AND DISSOLUTION

12.1 This Agreement may be terminated:

- (a) By mutual consent of all Founders;
- (b) If the Company is voluntarily wound up;
- (c) Upon acquisition, merger, or transfer of a majority stake to a third party.

12.2 In case of termination, liquidation shall proceed as per Companies Act and applicable startup regulations.

12.3 Dissolution expenses shall be borne from Company assets prior to distribution to Founders.

13. CONFIDENTIALITY

13.1 Each Founder agrees to maintain strict confidentiality of all Confidential Information received, created, or accessed during their involvement with the Company.

13.2 Disclosure may be made only to the extent required by law or with prior written approval of the Board.

13.3 Founders shall return or destroy all confidential material upon exit.

14. DISPUTE RESOLUTION

14.1 The parties shall first attempt to resolve disputes by amicable negotiation.

14.2 Failing such resolution within 15 business days, the matter shall be referred to binding arbitration under the Arbitration and Conciliation Act, 1996.

14.3 Arbitration shall be conducted by a sole arbitrator appointed mutually. If not agreed, then appointed as per Indian Arbitration Centre rules.

14.4 Seat and venue of arbitration: [City], [Country]. Language: English.

15. MISCELLANEOUS

15.1 **Entire Agreement:** This Agreement, together with annexures and referenced policies, constitutes the entire understanding.

15.2 **Amendment:** No change shall be valid unless executed in writing and signed by all Founders.

15.3 **Severability:** Any unenforceable clause shall not affect the remainder of the Agreement.

15.4 **Waiver:** No waiver shall be deemed unless made in writing.

15.5 **Notices:** Notices shall be deemed delivered via email and registered post to the addresses stated above.

15.6 **Governing Law and Jurisdiction:** This Agreement shall be governed by the laws of [Country]. Courts at [City] shall have exclusive jurisdiction.

15.7 **Assignment:** No Founder may assign or transfer their obligations under this Agreement without prior written consent.

15.8 **Counterparts:** This Agreement may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the Founders have executed this Agreement as of the Effective Date.

[Signature Page Follows]

SIGNED AND DELIVERED BY:

[Founder 1 Name] Date: _____

[Founder 2 Name] Date: _____

(... add more as applicable)