

[TO BE PRINTED ON STAMP PAPER OF APPLICABLE VALUE]

CONVERTIBLE NOTE AGREEMENT

This Convertible Note Agreement ("Agreement") is entered into on this [●] day of June 2023 ("Effective Date") by and between:

- A. **XYZ PRIVATE LIMITED**, a private limited company incorporated under the Companies Act, 2013, represented by its authorised signatory Mr. VIKAS JAIN, having its registered address at 281, Flat, S2, 2nd Floor, Srivari Manor 4th Cross, BCC Layout, Vijayanagar Bangalore KA 560040 IN (hereinafter referred as the "**Company**" which term shall mean and include wherever the context to so requires and permits, his/her legal heirs, successors, executors, administrators) of the **ONE PART**.

AND

- B. <<**Investor Name**>> Son/Daughter of <<**father Name**>>, aged about <<**age**>>, resident of <<**Address**>>, (hereinafter referred as the "**Investor**" which term shall mean and include wherever the context to so requires and permits, his/her legal heirs, successors, executors, administrators) of the **OTHER PART**.

The Company and the Investor shall hereinafter collectively be referred to as the "**Parties**" and individually as the "**Party**".

WHEREAS,

- A. The Company operates through the brand name 'XYZ', and is engaged in the business of Lease Rental, Sales, Maintenance and finance of electric two wheelers and any related business. ("Business").

XYZ is building a digital multi brand platform to simplify electric 2W's for the masses.

XYZ is offers an inclusive multi brand subscription solution wherein users get brand new electric 2W of their choice with doorstep support (maintenance, warranty & insurance) and flexibility to Buy, upgrade or exit any time after initial lock-in period.

The objective to build multi-brand lifecycle e-commerce (buy, finance, maintain & upgrade/exit) platform for electric 2W's, offer full-stack hassle-free solution to end users and monetize the vehicle lifecycle management via multiple fee income revenue streams.

- B. The authorized share capital of the Company as on the Effective Date is Rs. 80,00,000 (Rupees Eighty Lakh only) divided into 60,000 (Sixty Thousand only) Equity Shares of Rs. 100/- (Rupee Hundred only) each; 20,000 (Twenty Thousand) Preference Shares of

Rs 100/- (Rupees Hundred only) each. The current paid-up share capital of the Company is 50,75,500 (Fifty Lakh Seventy-Five Thousand Five Hundred Only) divided into 40,255 (Fourty Thousand Two Hundred Fifty-Five) Equity Shares of INR 100/- (Indian Rupee One); 10,500 (Ten Thousand Five Hundred) Preference Shares 100/- (Rupee Hundred Only) each.

- C. The Company is in need of funds and has decided to raise funds by way of issuing convertible note under the provisions of Companies Act, 2013 up to an amount of INR 25,00,000/- (Indian Rupees Twenty Five Lakhs Only) ("**Principal Amount**").
- D. Further, after necessary enquiries and deliberations, reasonably satisfied about the information obtained in respect of Company, the Investor has agreed to invest Principal Amount and subject to the terms and conditions of this Agreement, which shall, along with Interest (*as defined below*) thereon be converted into shares of the Company in the manner prescribed in this Agreement and be subject to such rights and obligations as detailed in this Agreement.

IN CONSIDERATION OF THE MUTUAL COVENANTS AND CONDITIONS HEREIN CONTAINED, THE PARTIES HEREBY AGREE, REPRESENT AND WARRANT AS FOLLOWS:

1. DEFINITIONS

As used in this Agreement the following terms (in all their grammatical variations) have the meanings as indicated below. All capitalized items not defined in this Clause 1 shall have the meanings assigned to them in other parts of this Agreement by bold letters enclosed within quotes ("").

- 1.1 "**Conversion Price**" shall mean the price at which this Note is converted into Conversion Shares under Clause 4 hereto.
- 1.2 "**Conversion Shares**" shall mean the Equity Shares of the Company as may be issued to the Investor upon conversion of this Note in pursuance of Clause 4 hereto.
- 1.3 "**Disbursement Date**" shall mean such date on which the Principal Amount is received by the Company upon transfer by the Investor in accordance Clause 1.1 hereto.
- 1.4 "**Designated Bank Account**" shall mean the following bank account

Name of the Account Holder	
Bank	
Account Number	
Type of Account	

Branch	
IFSC Code	

- 1.5 "Equity Shares" shall mean equity shares in the issued, subscribed and paid up equity share capital of the Company having a face value of INR 1 (Indian Rupees One Only) and carrying one vote each.
- 1.6 "Interest" shall mean interest payable by the Company on the Principal Amount at the rate of 0.1 % (zero point one percent) per annum.
- 1.7 "Next Qualified Financing" shall mean the closing of an investment of USD 5 Million or more, in the Company for subscription to Securities by a venture capital or private equity or other institutional or strategic investor in one or more tranches.
- 1.8 "Securities" shall mean the Equity Shares, Preference Shares, any other capital stock, equity interest or other ownership interest or profit participation or similar right with respect to the Company, including, without limitation, any partnership or membership interest, any stock appreciation, phantom stock or similar right or plan, and any note or debt security having or containing equity or profit participation features or any option, warrant or other security or right which is directly or indirectly convertible into or exercisable or exchangeable for any other Equity Shares of the Company.
- 1.9 "Total Amount" shall mean sum total of the Principal Amount and the Interest accrued on the Principal Amount.

2. DISBURSEMENT OF PRINCIPAL AMOUNT

- 2.1 The company post filing Form No. MGT-14 with the Registrar of Companies within 30 days of passing of the special resolution by the shareholders of the Company for authorizing issuance of Note against the Principal Amount, shall send an offer letter to the parties and the Parties hereby agree and acknowledge that the Investor shall remit the Principal Amount into the Designated Bank Account on the Effective Date or such other date mutually agreed to by the Parties ("Disbursement Date").
- 2.2 The Company shall acknowledge the receipt of the Principal Amount by issue of a convertible note in the form as indicated in **Schedule A** ("Note") hereto which shall specify the Principal Amount, Interest, maturity period and all such relevant details, as mutually agreed upon

3. PREPAYMENT OF THE NOTES

- 3.1 The Company shall have the right to make prepayments on the Principal Amount and the Interest accrued till such date at any time with a [●] days written notice.

4. INTEREST

- 4.1 From the Disbursement Date, Interest on the outstanding Principal Amount under the Note will accrue at a rate per annum equal to 0.1% (zero point one percent) until the date that all amounts under this Note are repaid, retired, discharged or converted. Interest shall accrue daily and shall be calculated on a 365-day year basis for the actual number of days elapsed. Accrued interest on the Note shall be compounded annually and upon such compounding shall be added to the outstanding Principal Amount of this Note.

5. CONVERSION

- 5.1 The Total Amount shall, subject to applicable law, convert into Equity Shares of the Company at the Next Qualified Financing after the Effective Date, Conversion Price which shall be at a discount rate of 20% (Twenty Percent) to the issue price of the Securities issued in the Next Qualified Financing by the Company.
- 5.2 The conversion of the Total Amount in pursuance of this Clause 5, along with concerned formalities and actions shall be completed within a period of 90 (Ninety) days from the date on which the Investor notifies the Company of its intent to convert the Total Amount.
- 5.3 Upon conversion of this Note into Conversion Shares, the Parties may enter into such agreement as may be required in order to record the rights relating to the Conversion Shares as may be allotted to the Investor.

6. MECHANICS AND EFFECT OF CONVERSION

- 6.1 No fractional shares of the Company shall be issued upon conversion of this Note. If the Investor is entitled to any fractional shares upon conversion, the Company shall issue and allot to the Investor such number of Conversion Shares as may be equal to the immediate next whole number.
- 6.2 For avoidance of any doubt, the Interest on the Principal Amount payable to the Investor under this Agreement shall be calculated from the Disbursement Date.
- 6.3 Upon conversion of the Note pursuant to Clause 5 above, the Investor shall surrender the Note duly endorsed at the registered office of the Company.

6.4 Subject to Clause 5.3, upon conversion, the Company shall, as soon as practicable thereafter, issue and deliver to the Investor, a certificate or certificates for the number of Conversion Shares to which such Investor is entitled upon such conversion, together with any other Securities which the Investor may be entitled upon such conversion under the terms of this Note.

6.5 Upon conversion of the Note as per the terms specified herein, the Company shall be forever released from all its obligations and liabilities under this Agreement.

7. OBLIGATIONS OF THE INVESTOR

7.1 In the event the Investor proposes to sell or transfer the Note, he shall obtain the prior written consent of the Company and other shareholders whose consents are required as per the existing Articles of Association of the Company. The Investor shall provide necessary details such as name and address of the transferee to the Company and other shareholders whose consent is required for such transfer.

8. REPRESENTATIONS AND WARRANTIES

8.1 The Company hereby agree and confirm that they shall abide by the Representations and Warranties as provided below.

8.2 The Company is a company duly organised and existing in good standing under the laws of India and has the corporate power to own its own property and to carry on in the business as it is now being conducted.

8.3 The Company has on its corporate records the names of the individuals who each own shares of authorized share capital, which constitutes all the issue and outstanding capital stock of the Company as of this date.

9. REPRESENTATIONS AND WARRANTIES BY THE INVESTOR

9.1 The Investor represents and warrants that:

9.1.1 The Investor is subscribing to the Note for investment purposes and not with the view to or for sale in connection with any distribution thereof and he has no present intent to sell, give or otherwise transfer the Notes

9.1.2 The Investor is a resident of the country of India and is duly authorized and competent to enter into this Note.

- 9.1.3 The Investor has not entered into any transaction, agreement, arrangement memorandum, understanding, addendum, etc., which restricts the Investor from entering into this Agreement.

10. CONFIDENTIALITY

- 10.1 Each Party shall keep all information relating to each other Party, information relating to the transactions herein and this Agreement (collectively referred to as the “**Information**”) confidential; provided however, that nothing in this Agreement shall restrict any of the Parties from disclosing any information as may be required under law, subject to providing a prior written notice of 7 (seven) days to the other Parties.
- 10.2 Nothing in this Clause 10 shall:
- 10.2.1 apply to Information, to the extent that such Information: (i) is in the public domain; or (ii) was in prior possession of the receiving Party; or (iii) is independently developed by the receiving Party, other than by breach of this Agreement; and
- 10.2.2 restrict a Party from disclosing Information on a need to know basis to its employees, directors or professional advisors, who shall treat such Information as confidential.

11. TERMINATION

- 11.1 This Agreement may be terminated in the following manner:
- 11.1.1 at any time based on the mutual consent of all Parties; or
- 11.1.2 automatically if the issuance of the Note does not occur within 15 days of Disbursement Amount.
- 11.2 Any termination of this Agreement shall not relieve any of the Parties and the same shall be without prejudice to any rights and obligations accrued or incurred prior to the date of such termination, which shall survive the termination of this Agreement.

12. MISCELLANEOUS

- 12.1 Notices: All notices or other communications which are required or permitted hereunder, shall be in writing and shall be sufficiently delivered or mailed by registered or certified mail or transmitted by email, at the addresses set forth in the heading of this Agreement or such other address as the appropriate Party may advise the other Party.

- 12.2 Governing Law and Jurisdiction: This Agreement shall be governed and construed as per laws of India, and subject to Clause 12.3 below, the courts in Bangalore shall have exclusive jurisdiction.
- 12.3 Dispute Resolution: In the event of disputes between the Parties in relation to this Agreement, including breach of this Agreement, the Parties shall refer such disputes to a sole arbitrator appointed mutually by the Parties. The seat and venue of arbitration shall be Bangalore. The arbitration shall be conducted as per provisions of the Indian Arbitration and Conciliation Act, 1996.
- 12.4 Severability: If any provision of this Agreement shall be waived or held invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or impaired thereby. Instead, this Agreement shall be construed, to the maximum extent permissible, in a manner to give effect to the intent of the Parties hereto and the Parties shall take all steps to ensure the foregoing.
- 12.5 Binding Nature: This Agreement shall be binding upon and shall insure to the benefit of the Parties and their respective successors, assigns, executors, administrators and as applicable and set forth in this Agreement.
- 12.6 Amendment, Modification and Waiver: This Agreement may be modified, amended or supplemented only by mutual written agreement of the Parties. The failure to exercise or delay in exercising a right or remedy provided by this Agreement or by law shall not constitute a waiver of the right or remedy or a waiver of other rights or remedies. No single or partial exercise of a right or remedy provided by this Agreement prevents further exercise of another right or remedy.
- 12.7 Entire Understanding: This Agreement constitutes the entire understanding between the Parties in respect to Note.
- 12.8 Costs & Fees: The Parties shall bear the costs and fees of their respective advisors, lawyers and accountants appointed by them for advising them in connection with this Agreement.

**IN WITNESS WHEREOF, THIS AGREEMENT HAS BEEN ENTERED INTO ON THE
DATE STATED AT THE BEGINNING BY THE PARTIES.**

FOR COMPANY	FOR INVESTOR
NAME:	NAME:
DIRECTOR	
DATE:	DATE:
PLACE:	PLACE:

Schedule A

Format of Convertible Note

THIS INSTRUMENT AND ANY SECURITIES ISSUABLE PURSUANT HERETO IS SUBJECT TO THE COMPANIES ACT, 2013 AND IS BEING ISSUED AS PER THE PROVISIONS OF THE COMPANIES ACT, 2013.

THIS CERTIFIES THAT in exchange for the payment by [Investor Name] (the “**Investor**”) of INR [_____] (the “**Principal Amount**”) on or about [Date of CN], EASETRONICS PRIVATE LIMITED, a private limited company incorporated under the Companies Act, 2013 (the “**Company**”), issues to the Investor the right to certain shares of the Company’s Equity Shares, subject to the terms described in the Convertible Note Agreement dated _____

Authorised Signatory of the Company