



Key Terms of a Subscription Agreement

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Key Terms of a Subscription Agreement

- Amount of capital contribution
- Whether investment is one time or in tranches
- Type of investment
 - Equity
 - Convertible instrument
- Terms of Conversion



Key Terms of a Subscription Agreement

- General conditions precedent to closing e.g. resolutions authorizing execution of investment documents, increasing share capital etc.
- Conditions for investment in tranches
- Based on the due diligence exercise:
 - Conditions precedent to closing
 - Conditions subsequent to closing



Key Terms of a Subscription Agreement



- Position Pending Closing
 - Positive and Negative Covenants of the Company and Promoters
 - Management of the Company
 - Information Rights of the Investor
 - Non solicitation

Key Terms of a Subscription Agreement

- Closing Actions, such as:
 - Remittance of investment amount
 - Issue and allotment of securities
 - Update registers and make appropriate filings with the ROC
 - Amendment of Articles



Key Terms of a Subscription Agreement

- Representations and Warranties
 - From Target Company
 - From Promoters
- Disclosure Letter
 - From the Investor perspective
 - Company perspective



Key Terms of a Subscription Agreement



- Indemnities
 - General Indemnities
 - Specific Indemnities based on due diligence
 - Benefit of Indemnities
- Caps on liability of Promoters
 - Aggregate liability
 - De minimus amount
 - Limitation of time

Key Terms of a Subscription Agreement

- Liquidation Preference and what constitutes a liquidation event
- Limited exit e.g. if any CS is not met, articles not properly amended, conditions for second tranche not met etc.
- Terms and conditions of convertible instruments



Shareholders' Agreement

- Share capital & voting rights
- Constitution board of directors
- Meetings & Reserved matters
- Anti-dilution & pre-emptive rights
- Transfer Restrictions
- Event of Default & Exit Rights
- Information rights
- Non-compete & non-solicitation



Thank you