

# Founder's Legal Toolkit

Essential legal documents, checklists and guidance for Indian startup founders.

## Legal Documents Every Startup Needs

Getting your legal foundation right from day one saves enormous pain later. Here are the key documents you need at each stage, what they cover, and what to watch out for.

### 1. Co-Founder Agreement

Before you incorporate, agree on everything in writing.

Clause	What to Include	Red Flags to Avoid
Equity Split	Percentage owned by each founder	Equal split without vesting
Vesting Schedule	4 years with 1-year cliff is standard	No vesting at all
Roles & Responsibilities	Who owns what function	Overlapping decision authority
IP Assignment	All work belongs to the company	Founders retaining personal IP
Exit Provisions	What happens if a founder leaves	No buyback mechanism
Salary & Compensation	Founder salaries and review mechanism	Undisclosed side arrangements

### 2. ESOP Policy

Employee Stock Option Plan — retain talent with equity.

Component	Standard Terms	Notes
Pool Size	10-15% of fully diluted shares	Set aside before raising
Vesting	4 years, 1-year cliff	Monthly vesting after cliff
Exercise Price	Fair Market Value at grant	Usually nominal for early employees
Exercise Window	90 days post-termination	Some co's offer 5-10 years
Acceleration	Single or double trigger	Important in M&A scenarios

### 3. NDA (Non-Disclosure Agreement)

Protect confidential information.

Section	What to Include	Notes
Definition of Confidential Info	Broad but specific	Include business plans, code, customer data
Exclusions	Public info, independently developed	Standard, don't fight this

Term	2-3 years typically	Trade secrets can be indefinite
Jurisdiction	Indian courts	Specify city for disputes
Remedies	Injunctive relief allowed	Important for enforcement

## 4. Advisor Agreement

Formalize advisor relationships.

Term	Typical Range	Notes
Equity Grant	0.1% - 0.5%	Depends on advisor value and stage
Vesting	1-2 years, quarterly	Shorter than employee vesting
Time Commitment	2-4 hours/month	Be explicit to set expectations
IP Assignment	Work product belongs to company	Critical clause
Non-Compete	Limited scope	Usually just no poaching employees

## Legal Checklist by Stage

Document	Pre-Incorporation	Incorporation	Pre-Seed	Seed/Series A
Co-Founder Agreement	<b>Must Have</b>			
Company Incorporation		<b>Must Have</b>		
Founders' IP Assignment		<b>Must Have</b>		
NDA Template			<b>Must Have</b>	
ESOP Policy			<b>Should Have</b>	<b>Must Have</b>
Advisor Agreements			<b>Should Have</b>	<b>Must Have</b>
Employment Agreements			<b>Must Have</b>	<b>Must Have</b>
Privacy Policy & T&Cs			<b>Must Have</b>	<b>Must Have</b>
Term Sheet Review				<b>Must Have</b>
Shareholder Agreement				<b>Must Have</b>