



महाराष्ट्र MAHARASHTRA

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पधान मुद्रांक कार्यालय, मुंबई  
प.म ति क्र. ८००००९०

10 FEB 2022

सकान अधिकारी

श्रीम. एच. ए. ड. सांगळे

दस्ताचा प्रकार	AGREEMENT
दस्त नाव	YES/NO
मिळकत	
मुद्रांक	
दुसऱ्या	
हस्ताक्षर	<i>Mahesh</i>
मुद्रांक शुद्ध	
मुद्रांक विकत घ्यायला आहे/नाही	
मुद्रांक विकत घ्यायला नाही	
मुद्रांक विकतल्याची सही	<i>John</i>
परवाना क्रमांक : ८००००९०	
मुद्रांक विक्रीचे नाव/पत्ता : श्री. कल्पेश प्रेमजी गाला	
शॉप नं.४, अण्णोदय विल्डिज, ७२ नगीनदास मास्टर रोड, फोर्ट, मुंबई-४०० ००९	
ज्या कारणासाठी ज्यांनी मुद्रांक खरेदी केला त्यांनी त्याच मुद्रांक विक्रीसाठी	
मुद्रांक खरेदी केल्यापासून ६ महिन्यांत मुद्रांक विक्रीचे दायित्वकारक आहे	

HONASA CONSUMER PRIVATE LIMITED  
432, 4TH Floor, Somdutt Chamber 2,  
Bhikaji Cama Place,  
New Delhi - 110066

FUSION COSMECEUTICS PRIVATE LIMITED  
706 Maker Bhavan III, New Marine Lines,  
Mumbai - 400020

15 FEB 2022

15 FEB 2022





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प्रधान मुद्रांक कार्यालय, मुंबई  
प.म. नि. क्र. १.००००९०  
10 FEB 2022  
सक्षम अधिकारी

श्री. दि. क. गहलू

## जोडपत्र - २ Annexure - II

दस्तावा प्रकार	<b>AGREEMENT</b>
दस्त नोंदणी करणारे का ?	YES/NO
मिळकट	
मुद्रांक	
दुसऱ्या	
हस्ता	<i>Maheesh</i>
मुद्रांक	
मुद्रांक विकत करे की अनु. कळवा/दिनांक	
मुद्रांक विकत घेण्यासाठी राही	
मुद्रांक विक्रेत्याची सही	<i>Maheesh</i>
परवाना क्रमांक : ८००००९०	
मुद्रांक विक्रीचे नाव/पत्ता : श्री. कल्पेश प्रेमजी गाला	
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ज्या कारणासाठी ज्यांनी मुद्रांक खरेदी केला त्यांनी याच कारणासाठी	
मुद्रांक खरेदी केल्यापासून ६ महिन्यांच्या आत याच कारणासाठी खरेदी करणे आवश्यक आहे	

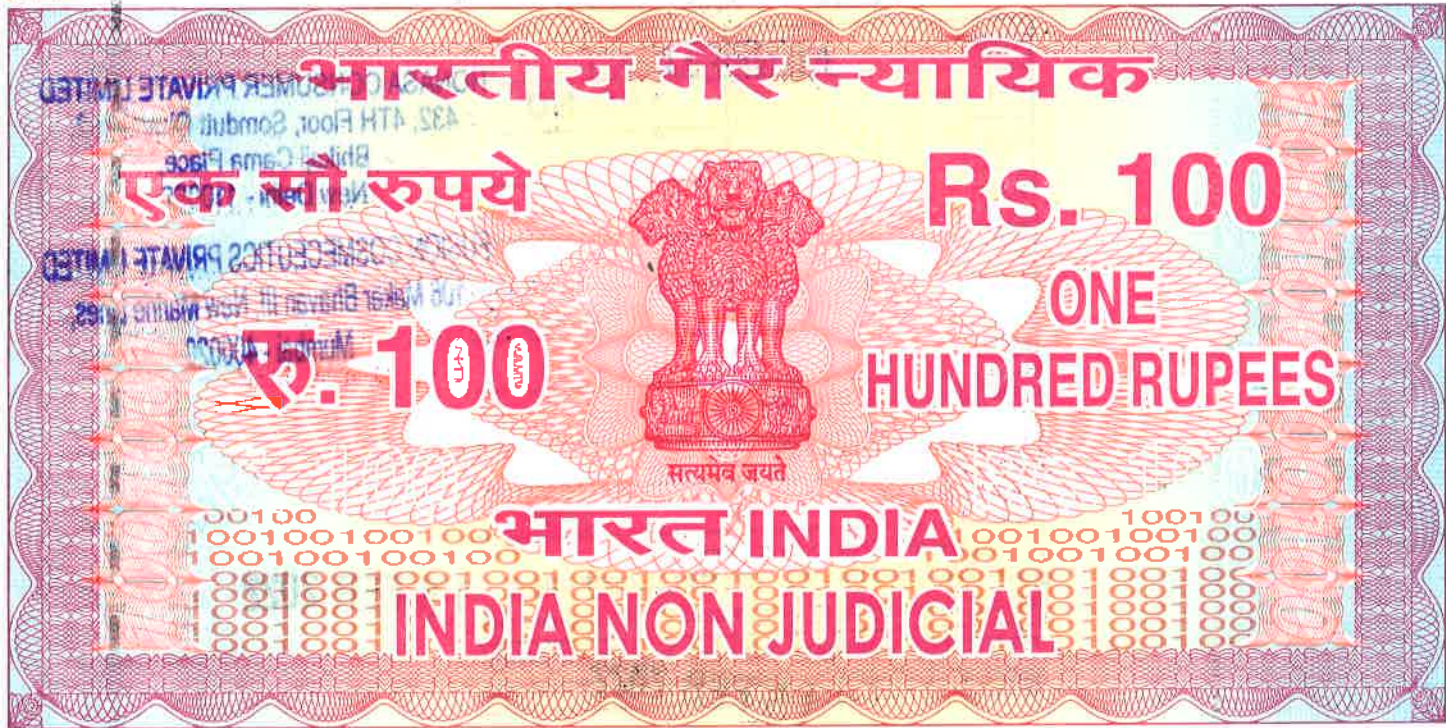
**HONASA CONSUMER PRIVATE LIMITED**  
432, 4TH Floor, Somdutt Chamber 2,  
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New Delhi - 110066

**FUSION COSMECEUTICS PRIVATE LIMITED**  
106 Maker Bhavan III, New Marine Lines,  
Mumbai - 400020

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महाराष्ट्र MAHARASHTRA

2021

ZV 752797

प्रधान मुद्रांक कार्यालय, मुंबई  
प.म ति ल ८००००९०  
10 FEB 2022  
सक्षम अधिकारी

श्री. दि. क. गवई

दस्तावा प्रकार	AGREEMENT
दस्त नोंदणी करणे का ?	YES/NO
मिळवणूक	
मुद्रांक	
दुसऱ्या	
हस्ते अ	Meheem
मुद्रांक	
मुद्रांक विक्री नोंद घेई अनु. क्रमांक/दिनांक	
मुद्रांक विक्रीत घेणाऱ्याची सही	
मुद्रांक विक्रीत्याची सही	pbh
परवाना क्रमांक : ८००००९०	
मुद्रांक विक्रीचे नाव/पत्ता : श्री. कल्पेश प्रेमजी गाला	
शॉप नं.४, भाग्योदय बिल्डींग, ७९ नगीनदास मारुटर रोड, फोर्ट, मुंबई-४०० ००९	
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मुद्रांक खरेदी केल्यापासून ४ महिने मुद्रांक खरेदी करणाराक आहे	

HONASA CONSUMER PRIVATE LIMITED  
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New Delhi - 110066

FUSION COSMECEUTICS PRIVATE LIMITED  
106 Maker Bhavan III, New Marine Lines,  
Mumbai - 400020

15 FEB 2022

15 FEB 2022

**DATED FEBRUARY 17<sup>th</sup> February, 2022**

**SHAREHOLDERS' AGREEMENT**

**BY AND AMONGST**

**FUSION COSMECEUTICS PRIVATE LIMITED**

**AND**

**PROMOTER**

**AND**

**HONASA CONSUMER PRIVATE LIMITED**

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## SHAREHOLDERS' AGREEMENT

This Shareholders' Agreement is made on this 17<sup>th</sup> day of February, 2022 ("Execution Date") at New Delhi among:

### BY AND AMONGST

**FUSION COSMECEUTICS PRIVATE LIMITED**, a company incorporated under the provisions of the Companies Act, 1956, having CIN U24230MH2003PTC141101 and having its registered office at 106 Maker Bhavan III, New Marine Lines, Mumbai- 400020 (hereinafter individually referred to as "**Company**", which expression shall, unless the context otherwise requires, be deemed to mean and include its successors and permitted assigns) of the **FIRST PART**;

**AND**

**HONASA CONSUMER PRIVATE LIMITED**, a company incorporated under the laws of India and having its registered office at 432, 4th Floor, Somdutt Chamber 2, Bhikaji Cama Place, New Delhi - 110066 (hereinafter individually referred to as "**Investor**", which expression shall, unless the context otherwise requires, be deemed to mean and include its successors and permitted assigns) of the **SECOND PART**;

**AND**

**MR. ANEESH SHETH**, an Indian resident, bearing passport number S7535996 and residing at 603/4, Monica Apartments, Fazal Road Off Cuffe Parade, Mumbai 400005 (hereinafter individually referred to as "**Promoter**", which expression shall, unless the context otherwise requires, mean and include his successors, heirs, executors, administrators and permitted assigns) of the **THIRD PART**.

The Company, the Investor and the Promoter are individually referred to as a "**Party**" and collectively referred to as "**Parties**".

### WHEREAS

- A. The Company, the Investor, Existing Investors and the Promoter have entered into a Share Purchase & Share Subscription Agreement on or about the date hereof (the "**SSSPA**") pursuant to which the Investor has agreed to make an investment in the Company by subscribing to the CCPS (*as defined below*) and purchase of the Sale Shares (*as defined below*) from the Existing Investors (*as defined below*) and the Promoter.
- B. The Parties are now desirous of entering into this Agreement to provide for certain matters relating to the rights of the Shareholders (*as defined below*), including those relating to the management and operations of the Company.

**NOW THEREFORE IT IS HEREBY AGREED BY AND AMONG THE PARTIES AND THIS AGREEMENT WITNESSETH AS UNDER:**

### 1. DEFINITIONS AND INTERPRETATION

- 1.1. In this Agreement, the following terms shall have the meanings assigned to them herein below:

"**Accounts**" mean the financial statements of the Company, comprising of the balance sheet, profit and loss account and cash flow statement of the Company, prepared in accordance with Indian GAAP, along with the notes therein.

**“Accounting Standards”** means the Indian Accounting Standard (IndAS) or such other accounting standards as promulgated by the Institute of Chartered Accountants of India and which are mandatory for the Company to follow as per applicable Laws of India.

**“Act”** means the Companies Act, 2013 and rules, circulars, notifications thereunder, and any amendment/other statutory modifications thereof, or any other succeeding enactment for the time being in force.

**“Affiliate”** means, in relation to a Person:

- (a) being an individual, shall mean any Relative or any other entity or Person, which is controlled by, such Person or a Relative including any individual trust for the benefit of that individual or his Relative, or any corporation where the majority of the voting rights in the capital of such corporation are owned and/or controlled by such individual or his Relative;
- (b) being a corporation, trust, partnership or other body corporate, shall mean any entity or Person, which, Controls, is Controlled by, or is under the common Control of such Person.

**“Agreement”** means this shareholders’ agreement and shall include any recitals, schedules, annexes or exhibits that may be annexed to this Agreement and any amendments made to this Agreement by the Parties in writing.

**“Articles of Association”** means the articles of association of the Company and as subsequently amended from time to time in accordance with this Agreement.

**“Assessment Period”** means a period of 12 (twelve) months commencing from the First Tranche Completion Date.

**“Big Four Accounting Firms”** means Price Waterhouse Coopers, EY, Deloitte, and KPMG, and includes their respective affiliates and network audit firms in India.

**“Board”** means the board of Directors of the Company, as duly appointed from time to time in accordance with this Agreement.

**“Business”** means ideation, research, development, testing, marketing, promoting through online advertising and content creation and retail dermatologically formulated consumer human skincare and haircare topical and ingestible cosmetic products for Indian skin distributed through direct to consumer and online and offline marketplace channels.

**“Business Day”** means a day (excluding Saturdays and Sundays) on which banks in Mumbai, Gurugram and Delhi, India are generally open for the transaction of normal banking business.

**“Business Plan”** means the annual budget and business plan (which shall include, without limitation, projected earnings and cash flows, budgeted capital expenditures and operating expenses, sales strategy, marketing strategy, business development, brand positioning and key performance indicators) of the Company and which plan shall be for a period of 18 (eighteen) months from the Completion Date.

**“Cause”** means occurrence of any of the following: (a) filing of a charge-sheet against the Promoter or any crime or criminal offense involving monies or other property of the Company before a court of competent jurisdiction which has not been withdrawn or quashed by a court of competent jurisdiction or a competent Governmental Authority within 90 (ninety) days; (b) determination that there has been fraud or wilful misconduct by the Promoter in relation to the Company and/or Business, based on an investigation

and finding by an Independent Third Party appointed by the Board with all Directors (other than the Promoter) present and voting; or (c) the Promoter being found guilty by the Internal Complaints Committee of engaging in sexual harassment under the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition or Redressal) Act, 2013; (d) breach of any obligations (as agreed to be material therein) under the Promoter Employment Agreement by the Promoter, based on a investigation finding by an Independent Third Party appointed by the Board with all Directors (other than the Promoter) present and voting; or (e) in the event the Promoter is convicted by a court of any offence, whether involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than 6 (six) months, and such conviction is not set aside within 90 (ninety) days of such conviction.

**"Call Option Second Tranche Purchase Consideration"** means the consideration for the Second Tranche Sale Shares determined in accordance schedule 6 as determined by a Big Four Firm mutually acceptable to the Investor and the Promoter.

**"CCPS"** means compulsorily convertible preference shares of the Company, each having a face value of INR 10 (Indian Rupees Ten) issued and allotted by the Company, and having the terms set out in schedule 2 of this Agreement.

**"Charter Documents"** means the Memorandum and/or Articles of Association, as may be contextually applicable and as subsequently amended from time to time in accordance with the Law and this Agreement.

**"Completion"** shall have the meaning ascribed to it in the SSSPA.

**"Completion Date"** shall have the meaning ascribed to the term "First Tranche Completion Date" in the SSSPA.

**"Control"** or **"control"** (including with correlative meaning, the terms, **"Controlling"**, **"Controlled by"** and **"under common Control with"**) with respect to a Person, shall mean the beneficial ownership directly or indirectly of more than 50% (fifty Percent) of the voting shares or securities of an entity or the power to control the majority of the composition of the board of directors of such entity or the power to direct the actions, management or policies of such entity by contract or otherwise. Provided that mere exercise of affirmative vote rights by a Person shall not constitute **"control"**.

**"Conversion Period"** shall mean any time within a period of 19 (nineteen) years and 364 (three hundred sixty-four) days from the Effective Date, but in no event later than the date of the Compulsory Conversion Event.

**"Corporate Event"** means any Securities split, bonus issue of Securities, consolidation of Securities, reduction of Share Capital, reconstruction, combinations, amalgamations, merger, de-merger, recapitalisations and similar other event.

**"Deadlock"** shall mean a dispute between the Investor and Promoter in relation to any of matters that require special resolution to be passed at the meeting of the members of the Company under the Act.

**"Debt"** means all the current and non-current liabilities of the Company including any debts arising on account of any term loans, asset financing and other over draft facilities.

**"Deed of Adherence"** means a deed of adherence executed by any new Shareholder, substantially in the format of the agreement set out in schedule 3.

**"Director(s)"** means a director/(s) of the Company duly appointed on the Board from time to time.



**“Effective Date”** means the First Tranche Completion Date (as defined under the SSSPA).

**“Encumbrance”** means any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, security interest or other encumbrance of any kind, securing or conferring any priority of payment in respect of any obligation of any Person, or any proxy, power of attorney, voting agreement, interest, option, right of first offer or right of first refusal, pre-emption, lock-in, non-disposal obligation or any other transfer restriction in favour of any Person.

**“Equity Shares”** means ordinary equity shares of the Company having par value of INR 10 (Indian Rupees Ten) each and carrying one vote per share.

**“ESOP”** means the employee stock option plan titled and implemented by the Company for the eligible employees.

**“ESOP Scheme”** shall mean the scheme proposed to be formulated by the Company, for an aggregate of 5% (five percent) of the shares of the Company on a Fully Diluted Basis as on the Effective Date.

**“Exempted Issuance”** means issuance of Securities by the Company, (i) pursuant to any initial public offering; or (ii) pursuant to the ESOP or any fresh employee stock option scheme adopted in accordance with the terms of this Agreement; or (iii) upon conversion of Securities into Equity Shares in accordance with the terms of this Agreement (which Securities were issued in accordance with this Agreement), or (iv) to all Shareholders pursuant to a Corporate Event (approved in accordance with Clause 5); or (v) pursuant to any scheme of restructuring including scheme of merger/demerger which is approved in accordance with the terms of Clause 5 of this Agreement.

**“Existing Investors”** mean the existing shareholders of the Company.

**“First Tranche Completion Date”** shall have the meaning ascribed to it in the SSSPA.

**“First Tranche Sale Consideration”** shall have the meaning ascribed to it in the SSSPA.

**“First Tranche Sale Shares”** shall have the meaning ascribed to it in the SSSPA.

**“Fully Diluted Basis”** means that the calculation is to be made assuming that all outstanding Securities (whether or not by their terms then convertible, exercisable or exchangeable), share options, stock options (whether vested or unvested), warrants, and any outstanding commitments to issue shares at a future date, have been so converted or deemed to be converted, exercised or exchanged into the maximum number of Equity Shares in accordance with the terms of their respective issuance.

**“General Meeting”** means the meeting of the Shareholders of the Company.

**“Governmental Authority”** means any government, any state or other political subdivision thereof, and includes any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, or any other Governmental Authority, agency, department, board, commission or instrumentality of India and/or any jurisdiction in which the Company conducts Business, or any political subdivision thereof, and any court, tribunal or arbitrator(s) of competent jurisdiction, and, any governmental organisation, agency or authority.

**“Independent Third Party”** means any of the following: (i) Big Four Accounting Firms; or (ii) a law firm of international repute with not less than 15 (Fifteen) years of experience in the required field of such audit/investigation.

**"Indian GAAP"** means the Indian generally accepted accounting principles and practices, applied on a consistent basis.

**"Investor Reserved Matters"** means the matters listed in Part A of schedule 4.

**"Investor Consent"** shall mean the written consent of the Investor.

**"Investment Amount"** means an amount of INR 10,00,00,000 (Indian Rupees Ten Crores) to be invested by the Investor pursuant to the SSSPA, to the extent invested on the date of determination.

**"Issue Price"** shall have the meaning ascribed to the term "Subscription Price" in the SSSPA.

**"Key Employees"** mean Ilesha Kharbanda and Prachi Tiwari.

**"Law"** or **"Applicable Law"** means all laws, ordinances, statutes, rules, orders, decrees, injunctions, licenses, permits, approvals, authorisations, consents, waivers, privileges, agreements and regulations of any Governmental Authority having jurisdiction over the relevant matter as such are in effect as of the date hereof or as may be amended, modified, enacted or revoked from time to time hereafter.

**"Liquidation Event"** means the occurrence of any one of the following events:

- (a) a sale or transfer, by any method, including a sale to a third party, of all or substantially all of the assets of the Company or any of the undertakings or business divisions of the Company, in each case considering for this purpose, the assets of the subsidiaries as being assets of the Company on a consolidated basis, in any single transaction or any series of related transactions for cash, stock or consideration in any other form or a combination thereof which results in a transfer of more than 50% of the Share Capital to any Person other than a Person who is a Shareholder of the Company as on the Effective Date;
- (b) an amalgamation, consolidation, merger, demerger, reorganization, arrangement or other business combination transaction or any other transaction, including a sale of the Securities of the Company and any re-organization of capital of the Company, in any single transaction or any series of related transactions, for cash, stock or consideration in any other form or a combination thereof which results in a transfer of Control to any Person other than a Person who is a Shareholder of the Company as on the Effective Date but does not include any "internal restructuring" of the Company. or
- (c) a liquidation, dissolution or winding-up of the Company including: (i) an involuntary or creditor-initiated insolvency resolution process under the Insolvency and Bankruptcy Code, 2016; and (ii) liquidation or voluntary winding-up of the Company in accordance with the Act or the Insolvency and Bankruptcy Code, 2016.

**"Memorandum"** means the memorandum of association of the Company, as amended from time to time.

**"Net Revenue"** means the net revenue of the Company as determined in accordance with Indian GAAP as determined by a Big Four Accounting Firm, mutually acceptable to the Purchaser and the Founder jointly.

**“Non-Compete Period”** means, with respect to the Promoter, the period commencing from the Effective Date and extending till 3 (three) years from the later of the Promoter ceasing to be: (i) an employee of the Company or (ii) a Shareholder.

**“Person”** means and include an individual, an association, a corporation, a partnership, limited liability company, a joint venture, a venture capital fund, a trust, an unincorporated organization, a joint stock company or other entity or organization, including a Governmental Authority or political subdivision, or an agency or instrumentality thereof and/or any other legal entity.

**“Performance Shortfall Event”** means the net sales of the Company for the period commencing on the First Tranche Completion Date and ending on the first anniversary of the First Tranche Completion Date being lesser than INR 11,00,00,000 (Indian Rupees Eleven Crores).

**“Promoter Employment Agreement”** means the employment agreement executed with the Promoter.

**“Promoter Reserved Matters”** means the matters listed in Part B of schedule 4.

**“Related Party(ies)”** means, with respect to a Person, any other Person who is an Affiliate of that Person and (to the extent not already covered by the foregoing) any Person who would be a related party under Applicable Laws applicable to such Person.

**“Relative”** shall have the meaning ascribed to such term under the Act.

**“Reserved Matters”** means the Investor Reserved Matters and/or the Promoter Reserved Matters, as applicable.

**“Rs.”** or **“Rupee”** or **“INR”** means Indian Rupees, the lawful Indian currency of India.

**“Sale Shares”** shall have the meaning ascribed to such term under the SSSPA.

**“Second Tranche Completion Date”** shall have the meaning ascribed to such term under the SSSPA.

**“Second Tranche Net Debt”** shall have the meaning ascribed to it under schedule .

**“Second Tranche Purchase Consideration”** shall have the meaning ascribed to such term under the SSSPA.

**“Second Tranche Sale Shares”** shall have the meaning ascribed to such term under the SSSPA.

**“Securities”** means the Equity Shares or the CCPS, any partially or fully convertible debentures, or any warrants, options, coupons or instruments of the Company, which may enable the holder thereof to acquire Equity Shares and/or any voting rights in the Company.

**“Share Capital”** means the total paid up share capital of the Company determined on a Fully Diluted Basis.

**“Shareholder”** means any Person who holds any shares in the Company including the Equity Shares and CCPS.



**“Subscription Shares”** shall have the meaning ascribed to the term under the SSSPA.

**“Subsidiary”** means any subsidiary of the Company (as having the meaning ascribed thereto under the Act), whether presently existing as of the Effective Date or which comes into existence after the Effective Date

**“Skin and Hair Clinic Centres”** means the skin and hair clinic centres listed in schedule 5.

**“Third Party”** means any Person other than a Party to this Agreement or its respective Affiliates.

**“Transaction Documents”** means this Agreement, SSSPA and such other documents as the Parties may mutually agree to designate as Transaction Documents.

**“Transfer”** means, whether directly or indirectly, any transfer, including any sale, lease, assignment, creation of Encumbrance, placing in trust (voting or otherwise), exchange, gift or transfer by operation of law or in any other way, whether or not voluntarily. Correlative terms such as **“transferred”**, **“transferring”** and **“transferability”** shall be construed in accordance with this definition.

- 1.2. All references in this Agreement to statutory provisions shall be construed as meaning and including references to:
  - 1.2.1. any statutory modification, consolidation or re-enactment (whether before or after the date of this Agreement) for the time being in force; and
  - 1.2.2. all statutory instruments or orders made pursuant to a statutory provision.
- 1.3. Words denoting singular shall include the plural and words denoting any gender shall include all genders unless the context otherwise requires.
- 1.4. References to recitals, clauses or schedules are, unless the context otherwise requires, references to recitals or schedules to, or clauses of this Agreement.
- 1.5. Any reference to “writing” includes printing, typing, lithography and other means of reproducing words in permanent visible form.
- 1.6. The terms “include” and “including” shall mean “include without limitation”.
- 1.7. The headings, subheadings, titles, subtitles to clauses, sub-clauses and paragraphs are for convenience or information only, shall not form part of the operative provisions of this Agreement or the schedules, and shall be ignored in construing the same.
- 1.8. Reference to days, months and years are to calendar days, calendar months and calendar years, respectively.
- 1.9. This Agreement shall not be construed or interpreted against any Party by reason of such Party, or such Party’s legal advisors, having drafted, or participated in the drafting of, this Agreement, or by reason of the extent to which any such provision is inconsistent with any prior draft hereof.
- 1.10. An obligation for a Party to “procure” or “cause” or “ensure” that something shall be done shall be construed as an obligation on the part of each such Party to take all necessary steps within its/their control to do or cause that thing to be done by exercising all rights and powers available to it, and all correlative terms shall be construed as above.

- 1.11. If any provision in Clause 1 is a substantive provision conferring rights or imposing obligations on any Party, effect shall be given to it as if it were a substantive provision in the body of this Agreement.
- 1.12. All capitalized terms not defined under this Agreement, will have the meaning assigned to them under the SSSPA.

## **2. EFFECTIVENESS AND SHARE CAPITAL**

- 2.1. Subject to Clause 14.8 (*Entire Agreement*), the Parties acknowledge that this Agreement shall be effective from the Effective Date and shall unless terminated in accordance with the terms of this Agreement, continue to be valid and in full force until its termination in accordance with the provisions herein contained. Provided, this Clause 2 (*Effectiveness and Share Capital*), Clause 3 (*Representations and Warranties*), Clause 10 (*Termination*), Clause 11 (*Confidentiality*), Clause 12 (*Governing Law, Jurisdiction and Arbitration*), Clause 13 (*Notices*) and Clause 14.12 (*Execution and Counterparts*) shall be effective from the Execution Date.
- 2.2. As of the Execution Date, the issued and paid-up share capital of the Company on a Fully Diluted Basis is as set out in Part A of schedule 1. As of the First Tranche Completion Date, the issued and paid-up share capital of the Company on a Fully Diluted Basis shall be as set out in Part B of schedule 1.

## **3. REPRESENTATIONS AND WARRANTIES**

Each Party hereby represents and warrants to the other Parties (wherever applicable) as follows that:

- 3.1. it has the power and authority to execute and deliver this Agreement and the Transaction Documents to which it is a party and is not prohibited from entering into this Agreement and the Transaction Documents to which it is a party;
- 3.2. it has obtained all necessary consents required to enter into and perform this Agreement and no other consents of any Governmental Authority or any other Person are required to be obtained by it for the execution, delivery and performance of this Agreement;
- 3.3. the execution of this Agreement and Transaction Documents to which it is a party has been duly authorised by such Party and this Agreement together with the Transaction Documents to which it is a party, once executed, will be a legal, valid and binding obligation on such Party and enforceable in accordance with its terms subject to generally applicable bankruptcy/insolvency Laws and general principles of equity;
- 3.4. none of (x) the execution, delivery and performance of this Agreement and the Transaction Documents to which it is a party, (y) the consummation of the transactions contemplated by this Agreement and the Transaction Documents to which it is a party, or (z) the compliance with the provisions of this Agreement and the Transaction Documents to which it is a party, will:
  - (i) conflict with or breach any Law applicable to such party or (where it is not a natural Person) its constitutional documents; or
  - (ii) violate or breach a provision of, or constitute a default (or an event which, with notice or lapse of time or both would constitute a default) under, any of the terms, covenants, conditions or provisions of any, contract, agreement or other instrument, commitment or obligation to which any of the Parties is a party, so as to render the transactions envisaged under this Agreement void or unenforceable.

#### 4. MANAGEMENT AND GOVERNANCE

Subject to the provisions of this Agreement and the Act, the Board shall be responsible for the management, supervision, direction and control of the Company.

##### 4.1. Composition of the Board

- 4.1.1. The Board shall comprise of a maximum of 3 (three) Directors, unless otherwise agreed by the Investor.
- 4.1.2. The Promoter shall be entitled to nominate 1 (one) Director on the Board until the Promoter holds any Security ("**Promoter Director**"), provided that (i) the Promoter shall be entitled to remain on the Board so long as he is an employee of the Company; and (ii) nomination of any individual, other than the Promoter as Promoter Director will require Investor Consent.
- 4.1.3. The Investor shall be entitled to nominate 2 (two) Directors (each an "**Investor Director(s)**") on the Board.
- 4.1.4. The Directors shall not be required to hold any qualification shares.
- 4.1.5. Till such time that the Promoter is the employee, the Promoter shall be a whole-time Director and the Chief Executive Officer of the Company and shall have the authority and responsibility to run the day-to-day management and operations of the Company, in accordance with the Business Plan and this Agreement. Other than the Promoter, all other Directors shall be non-executive Directors and shall not be responsible for the day-to-day management of the Company.
- 4.1.6. The Company shall at all times maintain directors and officers liability insurance policy, for all the Directors of the Company for such amount as may be approved by the Investor, from time to time and shall indemnify its Director(s) to the extent permissible under Laws.
- 4.1.7. The Company further agrees and undertakes that: (i) it shall not identify or designate any of the Investor Directors as the "responsible officers", the "authorised officers", the "compliance officers", the "officers having knowledge", the "officers in charge", "officers in default" or "employers of the employees" for the purposes of various statutory and regulatory compliance under Laws; and (ii) shall appoint suitable persons for the purposes of various statutory and regulatory compliance under Laws. In the event that any notice or proceedings have been filed against the Investor Directors by reason of him/her being included within the scope of "officer in default", the Company shall take necessary steps to ensure that the name(s) of the Investor Directors are excluded/ deleted and shall take steps to defend against such proceedings.
- 4.1.8. Subject to applicable Law, the Company shall indemnify the Directors against any act, omission or conduct (including, contravention of any Law) of or by the Company, its officials, employees, managers, representatives or agents, or the Shareholders, as a result of which, in whole or in part, the Directors are made party to, or otherwise incurs any loss pursuant to or in connection with any action, suit, claim or proceeding arising out of or relating to any such act, omission or conduct or any act or omission by the Directors at the request of or with the consent of the Company, its officials, employees, managers, representatives or agents or the Shareholders or on account of the Directors being construed or deemed as an "officer in charge" under any Laws. Notwithstanding the foregoing, the Promoter Director shall not be entitled to claim indemnity under this Clause 4.1.8 for any



action, suit, claim or proceeding arising out of or relating to any such act, omission or conduct undertaken by it, or with his consent.

#### 4.2. **Alternate Directors**

Subject to compliance with the Act, the Board shall have the right to appoint an alternate director (an “**Alternate Director**”) who is recommended/nominated for such appointment by a Director (in case of the Promoter Director, in accordance with Clause 4.1.2 above) (an “**Original Director**”) to act for him during his absence for a period of not less than 3 (three) months from India. Subject to applicable Law, an Alternate Director shall receive all notices of meetings of the Board and may attend, speak and vote on behalf of the Original Director for whom he is appointed at meetings of the Board at which the Original Director is not present.

#### 4.3. **Removal of Directors and filling casual vacancy**

4.3.1. The Investor may from time to time by, issuing a notice in writing to the Company, remove and/ or replace its respective Investor Director(s). Each Shareholder shall exercise its rights in such a manner so as to cause the appointment/substitution of such nominee (of the appointing Shareholder) as a Director in accordance with Clause 4.1.

4.3.2. Subject to the provisions of Clause 4.1.2 above, the Promoter may from time to time by, issuing a notice in writing to the Company, remove and/ or replace the Promoter Director. Each Shareholder shall exercise its rights in such a manner so as to cause the appointment/substitution of such nominee (of the appointing Shareholder) as a Director in accordance with Clause 4.1.

4.3.3. If any Director resigns, vacates or is removed from office before the expiry of his term, the resulting casual vacancy may be filled by a nominee of the Shareholder who originally nominated that Director, but any Person so nominated, shall retain his office only for so long as the vacating Director would have retained the same, if no such vacancy had occurred

#### 4.4. **Remuneration of Directors**

Except the Promoter who shall be entitled to receive remuneration in accordance with the Promoter Employment Agreement, none of the Directors are entitled to receive remuneration or any sitting fees, provided that each Director shall be entitled to payment/reimbursement of expenses for participation in the Board meeting(s) which shall be the same for all the Directors and as per the policy approved by the Board in this regard.

#### 4.5. **Chairman**

Unless otherwise agreed by the Investor, 1 (one) Investor Director will be the Chairman of the Board. The Chairman will not have a second or casting vote in the event of equality of votes at Board meetings.

#### 4.6. **Meetings of the Board**

4.6.1. The Board shall meet at least at such frequency as prescribed by the Act. The meetings of the Board can be held either at the registered office of the Company or such other place as may be determined by the Board.

4.6.2. At least 7 (seven) calendar days’ prior written notice shall be given to each of the Directors (or, subject to the Act, such shorter period as may be approved in writing by each of the Directors) of any meeting of the Board. Along with the notice, each

Director shall be provided with the agenda for the meeting in reasonable detail along with the relevant documents and background notes to be discussed at the meeting and all available data and information relating to matters to be discussed at the meeting, except where such meeting is called on shorter notice in accordance with the provisions of the Act.

- 4.6.3. Any Director may, and the secretary of the Company, if so appointed, shall on the requisition of a Director, summon a meeting of the Board, in accordance with the notice and other requirements set out in Clause 4.6.2 above.

#### **4.7. Quorum for Board meetings**

- 4.7.1. The quorum for all meetings of the Board shall be as per the Act and presence of one of the Investor Directors and the Promoter Director is mandatory to form quorum, unless such quorum requirements are waived prior to a meeting by the Investor Director(s) and Promoter Director, as the case may be. Subject to Applicable Law, participation of the Directors by video conferencing or by other audio visual or electronic means (as permitted under Applicable Law) shall also be counted for the purpose of constituting valid quorum. The quorum shall be present throughout the meeting.

- 4.7.2. In the event that no quorum is present (as required under Clause 4.7.1 above) within half hour of the appointed time for any meeting of the Board, the meeting shall be adjourned by a period of 7 (seven) days and if no quorum is present (as required under Clause 4.7.1 above) at such adjourned meeting of the Board as well, the quorum at such adjourned meeting for consideration of matters other than Reserved Matters and the matters which were not specified in the original notice shall be that prescribed under the Act (and not as per Clause 4.7.1 above).

#### **4.8. Passing of Resolutions and Voting**

- 4.8.1. Each Director shall have the right to cast 1 (one) vote. Except for any decisions in relation to the Reserved Matters, under this Agreement or which expressly require a higher majority under Applicable Law, decisions of the Board shall be made on the basis of a simple majority vote cast by the Directors entitled to vote at the relevant meeting.

- 4.8.2. In accordance with Applicable Law, any Director may participate in and vote at a meeting of the Board by means of a video conferencing, similar communications equipment, or other audio visual or electronic means (as permitted under Applicable Law) which allows all Persons participating in the meeting to hear each other and record the deliberations.

#### **4.9. Circular Resolutions**

Subject to Clause 5 (*Reserved Matters*) of this Agreement and the provisions of the Act which do not permit certain businesses to be approved by circular resolution, a circular resolution in writing, executed by a majority of the Directors as are entitled to vote thereon, shall constitute a valid decision of the Board provided that such resolution was sent to all of the Directors at least 7 (seven) days in advance, unless all the Directors unanimously agree on a shorter period, together with a copy of all supporting and necessary papers as may be required to vote on such resolution at their usual address by hand delivery or by speed post or registered post or by courier, or through such electronic means including registered email address of the Directors and such other compliance as required under the Act. Where not less than one-third of the total Directors (such one-third must include at least the Directors constituting quorum in accordance with Clause 4.7.1) for the time being require

the resolution under circulation to be decided at a meeting, the Chairman shall put that/those resolution(s) for consideration at a meeting of the Board.

#### 4.10. Finalisation of minutes of Board meetings

The Chairman of the meeting shall cause minutes of each meeting of the Board to be prepared and share the draft minutes with all the other Directors within 15 (fifteen) calendar days of the meeting. Each Director shall provide comments (if any) on the minutes of the meeting promptly but no later than 7 (seven) calendar days of receipt of the minutes. If no comments are made by a Director within the said 7 (seven) day period, the minutes shall be deemed to be accepted by the relevant Director. All comments made by any Director on the minutes of the meeting shall be recorded in the minutes to the satisfaction of the relevant Director making such comments. The minutes shall be signed as per the provisions of the Act.

#### 4.11. Committees of the Board

4.11.1. The Board shall constitute committees of the Board as required under Applicable Law, and as the Board may deem fit for the proper management good governance and effective functioning of the Company ("**Board Committees**") provided that no matter which is a Reserved Matter shall be delegated to a Board Committee by the Board.

4.11.2. Each Director shall be entitled to be a member on each Board Committee.

4.11.3. All provisions of this Agreement relating to the conduct of meetings of the Board shall apply *mutatis mutandis* to the conduct of meetings of the Board Committees.

#### 4.12. General Meetings

4.12.1. Number of General Meetings: The Company shall hold an annual General Meeting not later than 6 (six) calendar months from the end of every Financial Year unless otherwise agreed to by the Shareholders. Subject to the foregoing, the Board or the Shareholders may convene an extraordinary General Meeting of the Shareholders of the Company whenever they deem appropriate and subject to the Applicable Law.

4.12.2. Notice for General Meetings: Meetings of Shareholders shall be convened after giving not less than 21 (twenty-one) days' written notice to the Shareholders. A meeting of the Shareholders may be called by giving shorter notice with the written consent of the Shareholders as required under the Act. The notice for a General Meeting shall, *inter alia*, specify the date, place and time of the General Meeting and shall be given to all the Shareholders along with a specific agenda stating in reasonable and sufficient detail the business/matters to be discussed/considered at such General Meeting. No business shall be discussed at a General Meeting unless such business was specifically included in the said agenda, unless otherwise agreed to be all Directors (except for any Reserved Matter). A copy of any documents to be reviewed or discussed at such meeting shall accompany such notice.

4.12.3. Quorum for General Meetings: The presence of the Investor and Promoter (including their respective authorised representatives or proxies (as applicable)), shall be required to constitute quorum for all General Meetings of the Company. If a valid quorum is not present for any General Meeting within 30 (thirty) minutes of the time specified for such General Meeting, in such a case, the relevant General Meeting shall automatically stand adjourned by 1 (one) week at the same location and same time. If within 30 (thirty) minutes of the time specified for such adjourned

General Meeting, no valid quorum is present, then the Shareholders present at such adjourned meeting (not being less than the number required under the Act) shall be deemed to constitute a valid quorum and the Company may proceed to discuss and decide on the matters on the agenda (other than with respect to the Reserved Matters unless prior written approval for such Reserved Matter has been obtained) and any decisions so taken shall be binding on all the Shareholders.

- 4.12.4. Voting. Subject to Clause 5 (*Reserved Matters*) and Applicable Law, (i) all decisions of the Shareholders shall be made by ordinary or special resolutions, as required under the Act; (ii) the voting at all General Meetings shall be by way of poll and not by a show of hands; and (iii) for the purposes of voting at a General Meeting, the respective voting entitlements of the Parties shall be calculated on a Fully Diluted Basis.
- 4.12.5. Chairman for General Meeting. The Chairman of the Board shall also be chairman of a General Meeting of the Company. In the absence of the Chairman at any General Meeting, the Shareholders shall elect a Chairman from among themselves for such General Meeting.
- 4.12.6. Proxies. Any shareholder of the Company may appoint another Person as its proxy (and in case of a corporate shareholder, an authorised representative) to attend a meeting and vote thereat on such Shareholder's behalf, provided that the power given to such proxy must be in writing and in accordance with the Act.

#### 4.13. **ESOP**

- 4.13.1 As on the Execution Date, the Company has a pool of employee stock options comprising of 5% (five percent) of underlying Equity Shares ("**ESOP Pool**").

The ESOP Pool shall constitute 5% (five percent) of the pre-Closing Share Capital as on the Effective Date and 3.70% (three point seventy percent) of the post-Closing Share Capital.

- 4.13.2 All employees of the Company including the members of the senior management, purchasing, or receiving options to purchase, Equity Shares under the ESOP Scheme following the date hereof, shall be required to execute share purchase or option agreements in the manner stated in the ESOP Scheme of the Company.
- 4.13.3 Options issued under the ESOP Scheme, or any other employee or management stock option plan of the Company issued by the Company shall be convertible only into Equity Shares.
- 4.13.4 The Parties agree that the portion of ESOP Pool that remains unallocated on the Second Tranche Completion Date shall be cancelled.

#### 5. **RESERVED MATTERS**

- 5.1. Notwithstanding anything contained elsewhere in this Agreement,
  - 5.1.1. the Company shall not whether acting through its shareholders at a General Meeting or through its Board, or, any of the committees of its Board or otherwise, discuss (which has resulted in any action or decision), pass any resolution, take any action or decision whether with regard to the Company for any of the Investor Reserved Matters without the prior Investor Consent.

5.1.2. the Company shall not whether acting through its shareholders at a General Meeting or through its Board, or, any of the committees of its Board or otherwise, discuss (which has resulted in any action or decision), pass any resolution, take any action or decision whether with regard to the Company for any of the Promoter Reserved Matters without the prior written consent of the Promoter. The Promoter agrees that his right with respect to the Promoter Reserved Matters mentioned in Paras 9 to 13 of Part B of Schedule 4 of shall fall away upon the Promoter ceasing to be an employee of the Company.

## **6. TRANSFERS OF SECURITIES**

### **6.1. General provisions in relation to transfers**

6.1.1. Any Transfer of Securities or any rights attached to the Securities in breach of this Agreement shall be null and void ab initio.

6.1.2. Except any Transfer of Securities to any Person who is already a Party to this Agreement (as on the date of the proposed Transfer) pursuant to the other provisions of this Agreement, it shall be a condition precedent to any proposed sale or Transfer of Securities by any Shareholder that the transferee enters into a Deed of Adherence. Any sale or Transfer of Securities by a Shareholder without the transferee entering into a Deed of Adherence shall be null and void ab initio.

### **6.2. Purchase of Second Tranche Sale Shares**

On the Second Tranche Completion Date the sale and purchase of the Second Tranche Sale Shares at the Second Tranche Purchase Consideration shall take place between the Investor and the Promoter in accordance with Clause 3.2 of the SSSPA. Provided however that if the Performance Shortfall Event has occurred, then the Investor shall have the right to exercise the Call Option (*defined below*) to purchase the Call Option Shares (*defined below*) in accordance with the process set out below.

6.2.2. As promptly as practicable but no later than 10 (ten) days from the expiry of the Assessment Period, the Company and the Promoter shall deliver a report which shall be prepared by a Big Four Accounting Firm, setting forth the business performance ("**Performance Report**") of the Company during the Assessment Period to the Investor.

6.2.3. Upon review of the Performance Report, if it is determined that the Performance Shortfall Event has occurred, the Investor shall, within 30 (thirty) days from the receipt of the Performance Report, by issuing a written notice ("**Call Option Notice**") shall have the right ("**Call Option**") to purchase the Second Tranche Sale Shares held by Promoter ("**Call Option Shares**") at the Call Option Second Tranche Purchase Consideration.

6.2.4. The issuance of the Call Option Notice shall constitute a binding offer by the Investor, and the Promoter should be bound to transfer the Call Option Shares at the Call Option Second Tranche Purchase Consideration within such period as specified in the Call Option Notice.

### **6.3. Lock-In**

6.3.1 The Promoter covenants, acknowledges and undertakes that he shall not Transfer any of his Securities in the Company, except with Investor Consent or in the manner provided under the SSSPA.

6.3.2 The Investor covenants, acknowledges and undertakes that it shall not Transfer any of its Securities in the Company, except with Promoter Consent. Provided,

however, that the restriction set out in this Clause 6.3.2 shall fall away in case of an Event of Default.

## 7. RIGHTS AND COVENANTS

### 7.1. Pre-emptive Rights

- 7.1.1. The Parties agree that any future cash requirements of the Company shall initially be met through the cash flow of the business, or in any other manner determined by the Board. However, if the Board, in exercise of good faith and in its reasonable judgment, determines that the Company requires additional funds through equity issuance, then, such equity issuance shall be subject to this Clause.
- 7.1.2. Subject to the terms and conditions specified in this Clause 7.1 and Clause 5.1 and Applicable Laws, save and except in case of an Exempted Issuance, the Investor and the Promoter ("**Pre-emption Holders**") shall be entitled to a pre-emptive right to subscribe the Securities proposed to be issued by the Company ("**Further Securities**"), in the inter-se proportion of the Securities held by the Pre-emption Holders on a Fully Diluted Basis.
- 7.1.3. The Company shall ensure that the following procedure is followed in issuing any Further Securities:
- (a) At least 15 (fifteen) days prior to the meeting of the Board held to approve the issuance of any Further Securities, the Company shall send a written notice ("**Pre-Emptive Notice**") to the Pre-emption Holders informing them of the proposed plan of the Company to issue Further Securities, providing details of the number of Further Securities to be issued, the price at which they are to be issued and such other terms and conditions regarding the issue of Further Securities ("**Dilution Notice**"). The Dilution Notice shall also specify the number of Further Securities to be issued to each of the Pre-emption Holders in the inter-se proportion of the Securities held by the Pre-emption Holders on a Fully Diluted Basis ("**Entitlement**").
  - (b) Within 15 (fifteen) days after the date of receipt of the Pre-Emptive Notice ("**Pre-emptive Right Period**"), each Pre-emption Holder shall have the option of accepting their respective Entitlement specified in the Dilution Notice.
  - (c) Within 30 (thirty) days of the expiry of the Pre-emptive Right Period, the Company shall ensure that the issue of Further Securities is approved by the Board and/or the Shareholders, as may be required under Law ("**Approval Date**").
  - (d) The issue of Further Securities, including to the Pre-emption Holders having exercised their rights under Clause 7.1.3(b) above shall be completed within 30 (thirty) days of the Approval Date, failing which the provisions of Clause 7.1 shall become applicable again to any issuance of Further Securities thereafter. All consents and approvals required in issuing the Further Securities shall be obtained by the Company.
  - (e) If any Pre-emption Holders do not exercise the right to subscribe to their Entitlement, the other Pre-emption Holders can subscribe to such portion of the unsubscribed portion. If any Further Securities are not subscribed to by the Pre-emption Holders, then the Board may issue and allot such unsubscribed Further Securities to any Third Party at a price not lower than the price at which such Further Securities were issued to the Pre-



emption Holders. Such allotment shall be completed within 150 (one hundred fifty) days of the Approval Date, failing which the provisions of this Clause 7.1 shall become applicable again to any issuance of Further Securities thereafter

7.2. **[Intentionally Left Blank]**

7.3. **Liquidation Preference**

7.3.1. In case of any Liquidation Event, the distribution (whether from capital, reserves, surplus, earnings or sale consideration) of proceeds realized from the occurrence of the relevant Liquidation Event (the "**Distributable Proceeds**"), shall be distributed in the following manner, after making payments that may be required as per priority of payments set forth in the relevant provisions of the Act or the Insolvency and Bankruptcy Code, 2016, as applicable:

- (a) First, the Investor shall be entitled to receive, on a *pari passu* basis, the higher of: (1) the Investment Amount invested by the Investor pursuant to the SSSPA plus any declared and unpaid dividends on such amounts invested or (2) pro rata share of the Distributable Proceeds of calculated on the basis of its shareholding in the Company on an a Fully Diluted Basis ("**Liquidation Preference Amount**"), prior to and in preference to any distribution of the Distributable Proceeds to the Promoter or any other Shareholder (excluding the Investor) of the Company.
- (b) Second, the remaining Distributable Proceeds shall be distributed to the Shareholders (other than the Investor) in proportion to their *inter-se* shareholding in the Company, on a Fully Diluted Basis.

7.3.2. In the event that the Distributable Proceeds is lesser than the sum of Liquidation Preference Amount, then the entire proceeds will be distributed to the Investor.

7.3.3. The Parties shall take all requisite actions as may be required to give effect to the foregoing, including obtaining relevant approvals. The Parties shall determine in good faith the manner in which the Investor shall be compensated to the extent of the Liquidation Preference Amount is not received in full, including by way of making adjustments to the Conversion Ratio pertaining to the CCPS.

7.4. **Information Rights**

7.4.1. The Company shall provide to the Investor and the Promoter the following:

- (a) audited standalone and consolidated annual financial statements relating to the Company prepared in accordance with the Accounting Standards, within 90 days of from the end of Financial Year;
- (b) unaudited standalone and consolidated quarterly financial statements of the Company prepared in accordance with Accounting Standards and duly certified by the financial controller of the Company, within 30 (thirty) calendar days of the end of each fiscal quarter;
- (c) monthly management reports of the Company (as per the format agreed between the Promoter and the Investor) within 20 (twenty) calendar days of the end of each month;

- (d) Quarterly progress report within 15 (fifteen) days from end of quarter in the format agreed with the Investor;
- (e) an Annual Business Plan for the following Financial Year, within 30 (thirty) calendar days of the end of each Financial Year;
- (f) certified copies of minutes of all meetings of the Board of the Company and of all General Meetings of the Company held during any quarter, within 15 (fifteen) calendar days of the end of the relevant quarter; and
- (g) such further information relating to the Business, affairs or financial position of the Company, as may be reasonably requested in writing from time to time, within 10 (ten) Business Days from the date of receipt of request by the Company.
- (h) any notices, letters, orders or other communications (whether oral or written) received by the Company from any Governmental Authority in relation to any non-compliance of the Company with the Applicable Law.

#### 7.5. **Inspection Rights**

The Investor, at the cost and expense of the Company, shall have access to and the right to inspect during normal business hours, upon prior notice of 3 (three) Business Days, the Company's premises and properties, and to examine and take copies of its books of accounts and records and to discuss the affairs, finances, accounts, budget and operations of the Company with the Key Employees.

#### 7.6. **Rights in Subsidiaries**

All rights available to the Investor under this Agreement under Clauses 4 (*Management of and Governance*), 5 (*Reserved Matters*) 7.4 (*Information Rights*) and 7.5 (*Inspection Rights*) at the Company level and any other rights of the Investor under this Agreement, only to the extent relevant in the context of a Subsidiary, shall apply *mutatis mutandis* to the Subsidiaries, whether present or future.

#### 7.7. **Mandated Sale**

- 7.7.1. If the Event of Default has occurred, then the Investor ("**Dragging Shareholder**") shall have the right to require the Promoter ("**Dragged Shareholder**") to sell the Drag Securities (*defined below*) held by them to any Person ("**Drag Purchaser**") in accordance with the provisions of this Clause 7.7 (the "**Mandated Sale**"). Provided, however, that the Dragging Shareholder's right to exercise the Mandated Sale is subject to the condition that the Dragging Shareholder shall also be required to sell the proportionate number of Securities as the Dragged Shareholder and at the Drag Price. For the purposes of this Clause 7.7, "**Drag Securities**" means any and up to all of the Securities held by the Dragged Shareholder;
- 7.7.2. To trigger the Mandated Sale, the Dragging Shareholder shall issue a written notice ("**Drag Notice**") to the Dragged Shareholder and the Company.
- 7.7.3. The Drag Notice shall contain:
  - (a) the Transfer price per Security ("**Drag Price**");
  - (b) details of the Drag Purchaser;

- (c) a summary of the material terms and conditions of the proposed Transfer;
- (d) the number of Securities proposed to be acquired by the Drag Purchaser;
- (e) the approximate date on which the sale to the Drag Purchaser is contemplated to be completed; and
- (f) a representation that no consideration, tangible or intangible, is being provided, directly or indirectly, to the Dragging Shareholder, over and above the Transfer price per Security set out in the Drag Notice.

7.7.4. The sale and purchase of the Securities to be sold by the Dragging Shareholder, and Dragged Shareholder shall be effected simultaneously on the same terms and conditions (including the Drag Price) and on the date mentioned in the Drag Notice.

7.7.5. As part of the Mandated Sale, the Company and the Promoter shall provide full access to the appointed investment bank and the Drag Purchaser in order to facilitate the Mandated Sale.

7.7.6. All costs in connection with a Mandated Sale (including the costs of engaging the legal advisors or any other advisors appointed by the Company to implement the Mandated Sale) would be borne by the Promoter.

7.7.7. Each Dragging Shareholder and Dragged Shareholder shall bear its own costs and expenses and taxes in connection with the sale of Securities to the Drag Purchaser.

## 7.8. **Deadlock**

7.8.1. Upon the occurrence of a Deadlock, either the Promoter or the Investor shall notify in writing ("**Deadlock Notice**") the other of the occurrence of a Deadlock. Upon receiving the Deadlock Notice, the Promoter and the Investor shall attempt to resolve the Deadlock amicably by mutual discussions.

7.8.2. If the Deadlock is not resolved by mutual discussions within 15 (fifteen) Business Days after the issuance of the Deadlock Notice, the Promoter and the Investor shall jointly nominate an independent third party to mediate and attempt to resolve the Deadlock.

7.8.3. The independent third party shall attempt to resolve the Deadlock within 45 (forty five) Business Days of its appointment / engagement.

7.8.4. Within 45 (forty five) Business Days of the appointment / engagement of the independent third party, if the Deadlock is not resolved, it shall be deemed that a Dispute has occurred and shall be resolved in accordance with Clause 12 below.

## 8. **NON-COMPETE AND NON-SOLICITATION**

8.1. The Company shall be the exclusive vehicle through which the Promoter shall carry on or engage in the Business during the term of this Agreement and the Non-Compete Period.

8.2. The Promoter hereby undertakes to devote all his business time and attention to the Business of the Company. The Promoter shall ensure that all business opportunities known to them or made known to them at any time with respect to, relating to and/or connected with the Business or any other activity included in the definition of 'Business', shall be immediately referred to the Company and the same shall be undertaken only in the Company.

- 8.3. The Promoter shall not during the Non-Compete Period: (i) carry on or engage in, directly or indirectly, whether through their Relatives, partnership, or as a shareholder, joint venture partner, advisor, trustee, collaborator, consultant or agent or in any other manner whatsoever, whether for profit or otherwise, any business which competes with or is similar to the whole or any part of the Business or any other activity included in the definition of 'Business'; (ii) assume management or lead responsibility in any other business similar to the whole or any part of the Business; and (iii) set up, solicit business on behalf of, guarantee any obligations of, or have any ownership interests in any business which is competing with the Business of the Company. For avoidance of doubt, it is clarified that non-compete restrictions applicable to the Promoter are set out in Clause 8.3 and restrictions set out herein above shall not in any manner act as a limitation on the Promoter to continue operating the Skin and Hair Clinic Centres.
- 8.4. The Promoter covenants and agrees that during the Non-Compete Period, it will not, directly or indirectly, whether through their Relatives, partnership, or as a shareholder, joint venture partner, collaborator, consultant or agent or in any other manner whatsoever:
- 8.4.1. attempt in any manner to solicit, induce, encourage or attempt to solicit, induce or encourage any Person, firm or entity which is a client or customer of the Company, except on behalf of the Company, to cease doing business or to reduce the amount of business which any such client/customer has customarily done or might propose doing with the Company; or
- 8.4.2. employ or attempt to employ or assist anyone else to employ any Person who is in the employment of the Company.
- 8.5. The Promoter acknowledges and agrees that the above restrictions are considered reasonable for the legitimate protection of the business and the goodwill of the Investor and the Company, but in the event that such restriction shall be found to be void, but would be valid if some part thereof was deleted or the scope, period or area of application were reduced, the above restriction shall apply with the deletion of such words or with such reduction of scope, period or area of application as may be required to make the restrictions contained in this Clause 8 valid and effective.
- 8.6. On the Second Tranche Completion Date, the Promoter and the Company shall execute a trademark license agreement on mutually acceptable terms pursuant to which the Company shall provide to the Promoter a perpetual, royalty free and non-transferable/non assignable license to use the trademark "Dr. Sheth's" solely in connection with operating the Skin and Hair Clinic Centres. The Promoter undertakes that it will not use the trademark "Dr. Sheth's" for any other purpose whatsoever including for any other additional service/business.

## **9. EVENT OF DEFAULT**

- 9.1. Each of the following shall constitute an "Event of Default":
- 9.1.1. If the Promoter is in breach of his obligations under Clause 8 (*Non-Compete and Non-Solicitation*);
- 9.1.2. If the Promoter Transfers Securities held by him which is in breach of his obligations under Clause 6 (*Transfers of Securities*);
- 9.1.3. If the Promoter is deliberately breaching his obligations under Clause 7.4 (*Information Rights*);
- 9.1.4. If the Promoter is deliberately breaching its obligations under Clause 7.5 (*Inspection Rights*);

- 9.1.5. If the Promoter's employment with the Company has been terminated for Cause or voluntary resignation in accordance with the terms of this Agreement and the Promoter Employment Agreement;
- 9.1.6. If any Investor Reserved Matter is acted upon by the Company or the Promoter in contravention of the provisions of this Agreement; or
- 9.1.7. If the Promoter is in breach of his obligations under Clause 4 (*Management and Governance*);
- 9.1.8. If any Securities have been issued by the Company in contravention of Clause 7.1 (*Pre-emptive Rights*) and/or if the Promoter is in breach of his obligations and/or 7.3 (*Liquidation Preference*) of this Agreement, unless the same have been waived by the Investor.
- 9.2. Upon occurrence of an Event of Default, the Investor shall be entitled to deliver a written notice to the Company and the Promoter, within 30 (thirty) days from the occurrence of an Event of Default ("**Default Notice**").
- 9.3. The Promoter and the Company shall have the right to cure such Event of Default, if capable of being cured, within 30 (thirty) Business Days from the receipt of the Default Notice issued in accordance with Clause 9.2 above (the "**Cure Period**").
- 9.4. Where an Event of Default remains unremedied upon the expiry of the Cure Period in the opinion of the Investor ("**Occurrence of an Event of Default**"), the following consequences shall apply:
- 9.4.1. the Investor shall be entitled to exercise its rights under Clause 7.7 (*Mandated Sale*);
- 9.4.2. the right of the Promoter to continue to remain in employment shall fall-away;
- 9.4.3. The Promoter shall automatically vacate from the Board, without any further action or deed required of any Person;
- 9.4.4. All special rights of the Promoter including rights under Clauses 4 (*Management and Governance*) and 5 (*Reserved Matters*) shall cease to apply.
- 9.4.5. All the obligations and restrictions applicable to the Promoter as a Shareholder as set out under Clause 6 (*Transfer of Securities*), Clause 7.7 (*Mandated Sale*) and Clause 8 (*Non-Compete and Non Solicitation*) shall continue in full force and effect;
- 9.4.6. **Default Call Option:**
- (a) The Investor shall have a right (but not an obligation) to purchase (either directly or through a nominee) all (and not less than all) Securities held by the Promoter ("**Default Call Shares**") at the Default Call Option Price (defined below) ("**Default Call Option**").
- (b) The Investor shall appoint any Big Four Accounting Firm to compute the fair market value of the Company at the time of the Occurrence of an Event of Default ("**Default Call Option Price**"). The Investor shall have the right to purchase the Default Call Shares at a discount of 15% (fifteen per cent.) to the Default Call Option Price. Provided however that if the Default Call Option is being exercised pursuant to: (i) Clause 8 (*Non-Compete and Non Solicitation*) and/or (ii) Termination on account of Cause and/or (iii) Transfer of Shares set out in Clause 6 (*Transfer of Securities*), then the Default Call Option can be exercised at a price that is equivalent to the face

value of Default Call Shares.

- (c) If the Investor is desirous of exercising the Default Call Option, it shall issue a written notice to the Promoter which notice shall set out that Investor is exercising its right to purchase the Default Call Shares at the Default Call Option Price along with the valuation report and materials relied by the Big Four Accounting Firm to arrive at the fair market value ("**Default Call Option Exercise Notice**").
- (d) The issuance of the Default Call Option Exercise Notice shall constitute a binding offer by the Investor and the Investor shall acquire the Default Call Shares simultaneous with payment of the Default Call Option Price in full.

## **10. TERMINATION**

- 10.1. This Agreement and all corresponding rights of a Shareholder hereunder shall automatically terminate upon happening of any of the following events, in the manner and to the extent stated below:
  - 10.1.1. by the unanimous consent of all the Parties.
  - 10.1.2. with respect to a Shareholder, upon such Shareholder (together with its Affiliates) ceasing to hold any Shares.
- 10.2. The rights and obligations of the Parties under this Agreement, which either expressly or by their nature survive the termination of this Agreement, shall not be extinguished by termination of this Agreement.
- 10.3. The termination of this Agreement in any of the circumstances aforesaid shall not in any way affect or prejudice any right accrued to any Party against any of the other Parties, prior to such termination.
- 10.4. Notwithstanding the above and any other provisions of this Agreement, Clause 1 (*Definitions and Interpretation*), Clause 3 (*Representations and Warranties*), Clause 8 (*Non-Compete and Non-Solicitation*), Clause 10 (*Termination*), Clause 11 (*Confidentiality*), Clause 12 (*Governing Law, Arbitration and Dispute Resolution*) and Clause 13 (*Notices*) shall survive termination.

## **11. CONFIDENTIALITY AND ANNOUNCEMENTS**

- 11.1. Each Party shall keep all information relating to the transactions contemplated under this Agreement and also in relation to the Company (including all information concerning the Business and financial arrangements relating to the Company) hereunder (collectively referred to as the "**Confidential Information**") confidential, and shall not without the prior written consent of the disclosing Party, divulge the Confidential Information to any other person or use the Confidential Information other than for carrying out the purposes of this Agreement.
- 11.2. Nothing in clause 11.1 above shall restrict the parties from disclosing Confidential Information for the following purposes:
  - 11.2.1. the disclosure or use is required by Law, or any recognised stock exchange on which the shares of any Party are listed or is required by any Governmental Authority having jurisdiction over either Party;



- 11.2.2. the disclosure or use is required for the purpose of any judicial proceedings arising out of this Agreement or any other Agreement entered into under or pursuant to this Agreement or the disclosure is required to be made to a tax authority in connection with the tax affairs of the disclosing Party;
- 11.2.3. the disclosure is made to professional advisers or actual or potential financiers of any Party on a need to know basis and on terms that such professional advisers or actual or potential financiers undertake to comply with the provisions of Clause 11.2 in respect of such information as if they were a party to this Agreement;
- 11.2.4. the information is or becomes publicly available (other than by breach of the of this Agreement); or
- 11.2.5. the other Party has given prior written approval to the disclosure or use.

### 11.3. **Announcements**

No Party shall make or permit any Person connected with it (including any Affiliate) to make any announcement concerning this Agreement or any ancillary matter before, on or after Execution Date except with prior written consent of the other Parties or as required by Applicable Law or any relevant authority.

The provisions of this Clause 11 with respect to the Sellers transferring their Sale Shares on the First Tranche Completion Date (except the Founder) shall apply for a period of 12 (twelve) months from the First Tranche Completion Date.

## 12. **GOVERNING LAW, JURISDICTION AND ARBITRATION**

- 12.1. This agreement shall be governed by and construed in accordance with the substantive laws of India without giving effect to the principles of conflict of laws thereunder.
- 12.2. In case of any Dispute, the parties shall attempt to first resolve such dispute through discussions between the senior executives of the parties. If the Dispute is not resolved through negotiation within 30 (thirty) days after one party has served notice on the other party, then the Dispute shall be resolved in accordance with the provisions of clause 12.3 below.
- 12.3. In the event that the parties are unable to resolve a Dispute as provided in clause 12.2 above, the Dispute shall be referred to and finally resolved by arbitration in accordance with the Indian Arbitration and Conciliation Act, 1996. The arbitral tribunal shall consist of 3 (three) arbitrators, one to be appointed by the claimant, the second to be appointed by the respondent, and the third to be appointed by the 2 (two) arbitrators so appointed.
- 12.4. All proceedings of such arbitration shall be in the English language. The venue of the arbitration shall be Delhi and the governing law of the arbitration shall be the laws of India. The costs of the arbitration shall be borne by the disputing parties equally, unless the arbitrators direct otherwise in their arbitral award.

## 13. **NOTICES**

- 13.1. Any notice, request, waivers or instruction to be given hereunder by any Party to the other shall be in writing and signed by or on behalf of the Party giving it, in English language. Such notice shall be delivered personally, or sent by: (x) email at the email address set forth

below, and (y) at least one of registered mail postage prepaid, or reputable overnight prepaid courier, or hand delivery, addressed to the concerned Party at the address set forth below or any other address subsequently notified to the other Parties by notice in writing: Notwithstanding the foregoing, no notice shall be deemed to be duly served unless a copy of such notice is delivered by email as well.

**In the case of notices to the:**

Promoter: Mr. Aneesh Sheth

Address: 106 Maker Bhavan III, New Marine Lanes, Mumbai, Maharashtra, India, 400020

Email: [aneesh@drsheths.com](mailto:aneesh@drsheths.com)

Company: **Fusion Cosmeceutics Private Limited**

Address: 106 Maker Bhavan III, New Marine Lanes, Mumbai, Maharashtra, India, 400020

Email: [aneesh@drsheths.com](mailto:aneesh@drsheths.com)

Attention: Mr. Aneesh Sheth

Investor: **Honasa Consumer Private Limited**

Address: 4<sup>th</sup> Floor, BLM Tower, Plot no. 63, Sector 44, Gurgaon

Email: [raman.s@mamaearth.in](mailto:raman.s@mamaearth.in)

Attention: Mr. Ramanpreet Sohi

Any notice so served shall be deemed to have been duly given (i) in case of delivery by hand, when hand delivered to the other Party; or (ii) when delivered by courier or by any postal service that provides a receipt of delivery on the date contained in the delivery receipt that the sending Party receives from the delivery service provider; (iii) if sent by registered air mail, be deemed to be received by the addressee 4 (four) Business Days after the same is dispatched; and (iv) if sent by e-mail, 24 (twenty-four) hours after the e-mail is sent by a Party to the other Party at the specified e-mail addresses.

## 14. MISCELLANEOUS PROVISIONS

### 14.1. Further Assurances

14.1.1. All Parties shall undertake all necessary reasonable actions to implement the provisions of this Agreement including convening all meetings and giving of all waivers and consents and passing of all resolutions required to ensure that the Shareholders, the Director(s) appointed by them (and any alternate directors) and the Company gives effect to the terms of the Transaction Documents.

14.1.2. Without prejudice to the generality of the foregoing, the Parties agree and acknowledge that where any obligation is imposed on or in relation to the Company, it shall be deemed to include an obligation on (a) the Shareholders to

exercise their voting rights at shareholders' meetings and cause their nominee Directors to exercise their voting rights at Board/committee meetings to enable the Company to comply with its obligations.

**14.2. Waiver**

No waiver of any breach of any provision of this Agreement shall constitute a waiver of any prior, concurrent or subsequent breach of the same or any other provisions hereof, and no waiver shall be effective unless made in writing and signed by an authorized representative of the waiving party.

**14.3. Severability**

If any provision of this Agreement or the application thereof to any Person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provision to Persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law. Any invalid or unenforceable provision of this Agreement shall be replaced with a provision, which is valid and enforceable and most nearly reflects the original intent of the unenforceable provision. Provided however, if the said provision is a fundamental provision of this Agreement or forms part of the consideration or object of this Agreement, the provision of this Clause shall not apply.

**14.4. Amendments**

Except set out herein, no modification or amendment to this Agreement and no waiver of any of the terms or conditions hereof shall be valid or binding unless made in writing and duly executed by all the Parties. Any waiver, permit, consent or approval of any kind or character on the part of any Party of any breach of default under this Agreement or any waiver on the part of any other Party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing.

**14.5. Assignment**

14.5.1. Except as otherwise provided under this Agreement, no Party shall be entitled to, nor shall they purport to, assign, transfer, charge or otherwise deal with all or any of its rights and/or obligations under this Agreement nor grant, declare, create or dispose of any right or interest in it, in whole or in part, without the written consent of the other Parties.

14.5.2. It is agreed that the Parties shall be entitled to assign any or all of their rights and obligations hereunder to any of its Affiliates or to any Third Party along with a sale of its Securities permitted in accordance with the terms of this Agreement.

**14.6. Conflicts**

The provisions of this Agreement and the other Transaction Documents shall be interpreted in such a manner so as to give effect to all such documents, provided however, that in the event of an inconsistency between this Agreement on the one hand, and the Articles of the Company on the other hand, to the extent permitted by Applicable Law, provisions of this Agreement shall prevail as between the Parties and shall govern their contractual relationship and the Parties shall cause the necessary amendments to the Articles of the Company.

**14.7. Superior Rights**

Except with the prior written consent of the Investor, neither the Company nor the Promoter shall provide any Person with rights in relation to the Company which are more favourable than those provided to the Investor without prior written Investor Consent. Without prejudicing the foregoing right of the Investor, the Company and the Promoter hereby agree that in the event any Person who invests in the Company is offered rights that are more favourable to such Person than those available to the Investor under this Agreement, the Company and the Promoter shall undertake all acts as may be necessary (including passing of appropriate corporate resolutions and executing appropriate documents) to ensure that the Investors is entitled to enjoy any and all such superior rights offered to such other Person.

#### 14.8. **Entire Agreement**

This Agreement, any agreements or documents referenced herein and the schedules, annexes and exhibits hereto (which are expressly incorporated herein by this reference) and the other Transaction Documents constitute the entire understanding and agreement between the Parties with regard to the transaction contemplated in the Transaction Documents and supersede and cancel any prior oral or written agreement, representation, understanding, arrangement, communication or expression of intent relating to the subject matter of the Transaction Documents.

#### 14.9. **Relationship**

Nothing in this Agreement shall, or shall be deemed to, constitute an association or partnership between the Parties nor, unless expressly provided otherwise, to constitute any Party as the agent of any of the other Parties for any purpose.

#### 14.10. **Related Party Transaction**

Without prejudice to the requirements under Clause 5, the Company, the Investor and the Promoter hereby undertake that any transactions with Related Parties shall be undertaken at an arm's-length basis, as provided in the Act.

#### 14.11. **Costs**

Each Party shall bear its own fees and expenses (including without limitation the legal fees incurred by it for the purpose of the transaction contemplated under the Transaction Documents). The Company shall bear the stamp duties payable on this Agreement.

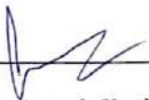
#### 14.12. **Execution and Counterparts**

This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same instrument. The delivery of signed counterparts by electronic mail in "portable document format" (".pdf") shall be as effective as signing and delivering the counterpart in person.

*[Signature pages follow]*

EXECUTED by the parties as an Agreement on the day first mentioned above.

For Promoter

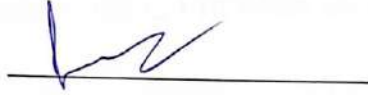


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Name: Aneesh Sheth

EXECUTED by the parties as an Agreement on the day first mentioned above.

For and on behalf of Fusion Cosmeceutics Private Limited

A handwritten signature in blue ink, appearing to read 'Aneesh Sheth', is written over a horizontal line.

Name: Aneesh Sheth

Designation: CEO, Fusion Cosmeceutics Pvt Ltd



For and on behalf of Honasa Consumer Private Limited

  
Name: Varun Alagh

Designation: Director

FOR HONASA CONSUMER PVT. LTD.

Director

**SCHEDULE 1**

**PART A - SHAREHOLDING PATTERN AS OF THE EFFECTIVE DATE**

<b>S. No</b>	<b>Name of Seller (as in bank records)</b>	<b>Number of Equity Shares held</b>	<b>Number of Preference Shares held</b>	<b>Total Shares held (including ESOP Pool)</b>	<b>Shareholding percent (fully diluted basis)</b>
1.	Aneesh Sheth	7,92,725	-	7,92,725	54.84%
2.	Dr. Ashit Sheth	2,00,000	-	2,00,000	13.83%
3.	ESOP Pool	-	-	72,282	5.00%
4.	Dinesh Vallabhdas Thakker	1	39,574	39,575	2.74%
5.	ACG Associated Capsules Pvt. Ltd.	5,821	23,279	29,100	2.01%
6.	Jay Mukund Vallabhdas Thakker	1	19,787	19,788	1.37%
7.	Tanay Chandresh Thakker (Minor)	1	19,787	19,788	1.37%
8.	Kanav Chandresh Thakker	1	18,623	18,624	1.29%
9.	Mukund Vallabhdas Thakker	1	18,623	18,624	1.29%
10.	Shivanand Vassudev Salgaocar	1	17,459	17,460	1.21%
11.	Seema Nikunj Shah	1	17,459	17,460	1.21%
12.	Kishore Ganji	1	17,459	17,460	1.21%
13.	Suneil Reddy	1	17,459	17,460	1.21%
14.	Neil Mehta	1	17,458	17,459	1.21%
15.	Darshan kashi Deora	1	14,549	14,550	1.01%
16.	Deep Lalvani	1	11,639	11,640	0.81%
17.	Saujyot Consutancy LLP	1	8,729	8,730	0.60%
18.	Apurva Salapuria	1	8,729	8,730	0.60%
19.	MAVM Angels Network Pvt. Ltd.	1	6,692	6,693	0.46%

20.	Anisha Dossa	729	5,819	6,548	0.45%
21.	Siddhant Bhambhani	728	5,819	6,547	0.45%
22.	zCon Solutions Pvt. Ltd.	1	5,819	5,820	0.40%
23.	Vishwajeet Deshmukh	1	5,819	5,820	0.40%
24.	Aabhas Khanna	1	5,819	5,820	0.40%
25.	Narendra Sujan	1	5,819	5,820	0.40%
26.	Sridhar Venkata Subramania Rallabandi	1	5,819	5,820	0.40%
27.	Manisha Ashok Sujan	1	5,819	5,820	0.40%
28.	Mahesh Kumar Jain HUF	1	5,819	5,820	0.40%
29.	Bhushan Mahdukarrao Fuse	1	4,073	4,074	0.28%
30.	Yogesh Chaudhary	1	2,909	2,910	0.20%
31.	UBR Investment Pvt. Ltd.	1	2,909	2,910	0.20%
32.	Krish Khubchandani	1	2,909	2,910	0.20%
33.	Mayank Dalmia	1	2,909	2,910	0.20%
34.	Dominor Investment Holding LLP	1	2,909	2,910	0.20%
35.	Sandhya Chaudhary	1	2,909	2,910	0.20%
36.	Vinod Bamalwa	1	2,909	2,910	0.20%
37.	Saurabh Bhogale	1	2,909	2,910	0.20%
38.	Himanshu Goel	1	2,909	2,910	0.20%
39.	Rahul Kayan	1	2,909	2,910	0.20%
40.	Nityanand Bhogale	1	2,909	2,910	0.20%
41.	DPG Energy Ltd	1	2,909	2,910	0.20%
42.	Smriti Agarwal Gambhir	1	1,163	1,164	0.08%
43.	Rajiv Indimath	1	1,163	1,164	0.08%
44.	Utkarsh Singh	1	581	582	0.04%

45.	Neha Aggarwal	1	581	582	0.04%
46.	Chirag Punjabi	1	581	582	0.04%
47.	Ashok Singh	1	290	291	0.02%
48.	Yash Ghatalia	1	290	291	0.02%
	<b>Total</b>	<b>10,00,045</b>	<b>3,73,306</b>	<b>14,45,633</b>	

**PART B - SHAREHOLDING PATTERN AS OF THE COMPLETION DATE (WITHOUT PRIMARY SHARES ISSUED TO THE INVESTOR)**

S. No	Name of Seller (as in bank records)	Number of Equity Shares held	Number of Preference Shares held	Total Shares held (including ESOP Pool)	Shareholding percent (fully diluted basis)
1.	Aneesh Sheth	6,50,534	-	6,50,534	44.99%
2.	ESOP Pool	-	-	72,282	5.01%
3.	Honasa Consumer Private Limited	3,49,511	3,73,306	7,22,817	50.00%
	<b>Total</b>	<b>10,00,045</b>	<b>3,73,306</b>	<b>14,45,633</b>	<b>100%</b>

**PART C - SHAREHOLDING PATTERN AS OF THE COMPLETION DATE (WITH PRIMARY SHARES ISSUED TO THE INVESTOR)**

S. No	Name	Number of Equity Shares held	Number of Preference Shares held	Number of Subscription Shares (CCPS) held	Total Shares held (including ESOP Pool)	Shareholding percent (fully diluted basis)
1.	Aneesh Sheth	6,50,534	-		6,50,534	33.34%
2.	ESOP Pool	-	-		72,282	3.70%
3.	Honasa Consumer Private Limited	3,49,511	3,73,306	505,536*	12,28,353	62.96%
	<b>Total</b>	<b>10,00,045</b>	<b>3,73,306</b>	<b>505,536</b>	<b>19,51,169</b>	<b>100%</b>

\* The number of Subscription Shares has been calculated as per the subscription price of INR 198 (Indian Rupees One Hundred Ninety Eight), however, this number may undergo change depending on the Net Debt position of the Company as on the First Tranche Completion Date.

*[Remainder of the page intentionally left blank]*

## SCHEDULE 2

### TERMS OF CCPS

The rights attached to the CCPS allotted to the Investor under this Agreement and/or under the SSSPA are as follows and shall *mutatis mutandis* be reproduced in the Articles of Association:

**A. Nature:** CCPS are cumulative participating compulsorily and fully convertible preference shares having a face value of INR 10 (Indian Rupees Ten) each.

**B. As to income and dividend**

1. The CCPS shall confer on the holder the right to receive in priority to the holders of any other class of shares in the capital of the Company, a preference dividend (the "**Preference Dividend**") at the rate of 0.001% (zero point zero one percent) per annum on the capital for the time being paid up on the CCPS and such Preference Dividend to be paid up on the CCPS during any portion or portions of the period in respect of which the Preference Dividend is paid. The Preference Dividend shall be paid only in case the Company has adequate profits to distribute dividends.
2. The right to Preference Dividend shall be cumulative, and the right to receive the Preference Dividend shall accrue to holders of the CCPS by reason of the fact that the Preference Dividend on the CCPS is not declared or paid in any year.
3. In addition to and after payment of the Preference Dividend, each CCPS would be entitled to participate *pari passu* in any cash or non-cash dividends paid to the holders of shares of all other classes (including Equity Shares) or series on a *pro-rata*, as-if-converted basis.
4. If Preference Dividend has been declared by the Company but has not been paid by the Conversion Date, the Preference Dividend shall be paid to the person(s) who held the CCPS as at the date of declaration *pro-rata* in accordance with the number of CCPS held by it at the date of declaration.
5. If the Conversion Date falls within a period in respect of which a dividend is to be paid, each Equity Share issued to the holder of CCPS on conversion shall confer on the holder the right to receive a dividend with respect to all of such period and not part only.
6. The rights of CCPS holder with respect to capital distribution shall be as provided in this Agreement.

**C. As to Conversion**

1. Subject to the provisions of Clause 7.3 (Liquidation Preference) and the provisions of Paragraphs D, F and G below, each CCPS will convert into 1 (one) Equity Share ("**Conversion Ratio**") at the option of CCPS holder without any additional payment for such conversion. In the event the conversion of CCPS entitles the holders of CCPS to any fraction of an Equity Share, then such fraction shall be rounded up to the nearest whole number.
2. The CCPS shall be converted into Equity Shares at the Conversion Price determined as provided herein in effect at the time of conversion ("**Conversion Price**").

The initial Conversion Price for the CCPS shall be the Issue Price.

3. The right to convert the CCPS shall be exercisable by the holder thereof at any time during the relevant Conversion Period by delivering to the Company a notice in writing ("**Conversion Notice**") of its desire to convert the CCPS, provided that such notice shall specify the number of the CCPS that the holder desires to convert. Subject to the relevant Conversion Period, in the event the CCPS are not converted into Equity Shares earlier, they shall automatically be converted into Equity Shares in accordance with this schedule 2, 1 (One) day prior to the filing of a red herring prospectus by the Company with the competent authority or such later date as may be permitted under Applicable Laws in connection with an IPO or offer for sale or any other public offering of the Securities of the Company approved in writing by the holders of the CCPS, if such conversion is mandatorily required by Applicable Laws (the "**Compulsory Conversion Event**").
4. Conversion of CCPS shall be effected within 30 (thirty) days of the Conversion Notice or on the Compulsory Conversion Event, as the case may be ("**Conversion Date**") by the issue and allotment of fully paid Equity Shares to the holder of the CCPS holder. The record date of conversion of the CCPS shall be deemed to be the date of the Conversion Notice.
5. The Company shall pay all stamp duty arising on the issue of the Equity Shares pursuant to any conversion.
6. Equity Shares issued and allotted upon conversion of any CCPS will be deemed to be issued and registered as of the Conversion Date, and each holder of any CCPS will, with effect from the Conversion Date, be deemed and treated by the Company for all purposes as the holder on record of the relevant number of Equity Shares issued upon conversion of such CCPS. Simultaneously with the issue and allotment of the relevant number of Equity Shares to be issued upon conversion of any CCPS, the Company will register the holder of such CCPS as the holder of such relevant Equity Shares in the Company's share register and register of members and will deliver or cause to be delivered a certificate or certificates for such relevant Equity Shares to the holder of such CCPS and such other documents (if any) as may be required by Applicable Law to effect the issue thereof.
7. Equity Shares issued and allotted upon conversion of any CCPS shall be fully-paid and free of all liens, charges and Encumbrances and will in all respects rank *pari passu* with the Equity Shares in issue on the Conversion Date and shall be freely transferable subject only to restrictions in this Agreement and the Articles of Association.
8. In the event of a Corporate Event, the number of Equity Shares that each CCPS converts into and the Conversion Price shall be adjusted accordingly in a manner that the holders of the CCPS receives such number of Equity Shares that the holders of CCPS would have been entitled to receive immediately after occurrence of any such Corporate Event had the conversion of the CCPS occurred immediately prior to the occurrence of such Corporate Event.

**D. Voting rights**

Subject to the provisions of the Act and other Applicable Law, each holder of CCPS shall have the same right to attend and vote at General Meetings of the Company as are available to holders of Equity Shares, determined on a Fully Diluted Basis.

**E. Liquidation Preference**

The CCPS holders shall be entitled to the liquidation preference as set out in Clause 7.3 of this Agreement and the provisions of Clause 7.3, insofar as it pertains to CCPS, is deemed to be incorporated in this Schedule by reference and shall *mutatis mutandis* apply.

**F. Adjustment Related Actions**

Upon the occurrence of each adjustment under paragraphs C, D and F, the Company, at its expense, shall promptly compute such adjustment in accordance with the terms hereof and prepare and furnish to each holder of the CCPS a certificate setting forth such adjustment and showing in detail the facts upon such adjustment is based. The Company shall, upon the written request at any time of any holder of CCPS, furnish or cause to be furnished to such holder a like certificate setting forth: (i) such adjustment and readjustment, (ii) the relevant Conversion Price for such CCPS at the time in effect, and (iii) the number of Equity Shares and the amount, if any, of other property that at the time would be received upon the conversion of CCPS.

*[Remainder of the page intentionally left blank]*



## SCHEDULE 3

### DEED OF ADHERENCE

This Deed of Adherence (“**Deed**”) is made this [•] day of [•], [•], by [•], hereinafter called “**the Covenantor**” which expression shall, unless repugnant to the meaning or context thereof be deemed to include its successors and permitted assigns) to whom the Securities of Fusion Cosmeceutics Private Limited (hereinafter referred to as “**the Company**”) have been (transferred by [•] and / or its Affiliates (“**Transferor**”)/ issued by the Company in its capacity as an Affiliate of [•]);

THIS DEED IS SUPPLEMENTAL to the shareholders’ agreement executed on the [•] day of February, 2022 by and amongst Fusion Cosmeceutics Private Limited, Honasa Consumer Private Limited and Mr. Aneesh Sheth (the “**Agreement**”).

NOW THEREFORE THIS DEED WITNESSETH AS FOLLOWS:

In consideration of the (Transferor having transferred/ Company having issued) its Securities to the Covenantor and in consideration of having agreed to such transfer/ subscription the Covenantor and the Transferor hereby agree and undertake as follows:

1. The Covenantor hereby confirms that a copy of the Agreement and the Articles of Association have been made available to it and hereby covenants with the Company to observe, perform and be bound by all the terms, obligations, and liabilities of the Transferor under the Agreement and be entitled to all the rights and benefits, and shall be bound by all obligations and duties, of the Transferor under this Agreement with effect from the date of [transfer/ issue of Securities] to the Covenantor and the Covenantor shall be deemed to be a Party to the Agreement.
2. The Covenantor hereby covenants that it shall do nothing that derogates from the provisions of the Agreement or the Charter Documents, unless the same is expressly provided in the Deed.
3. The Company and the other Shareholders shall be entitled to enforce the Agreement against the Covenantor.
4. The Covenantor understands that this Deed is in all respects supplemental to the Agreement and that at no time shall the provisions of this Deed or any other agreement among the parties to the Agreement, be used to contravene, derogate or detract from the same, unless the same is expressly provided in the Deed.
5. For the purposes of Clause 13.1 (*Notices*) of the Agreement, the address and facsimile number of the Covenantor are:

**Covenantor:**

Address : [•]

Facsimile : [•]

Attention : [•]

Email : [•]

**6. Representations and Warranties**

The Covenantor represents and warrants that:

- (a) It has the full power and authority to enter into, execute and deliver this Agreement and to perform the transactions contemplated hereby and [if the Covenantor is not a natural Person, such Party is duly incorporated or organized with limited liability and existing under the laws of the jurisdiction of its incorporation or organization];
- (b) it has taken all necessary action to authorise the execution, delivery and performance of this Agreement, and upon the execution and delivery of this Agreement by the Covenantor, this Agreement will be a legal, valid and binding obligation of the Covenantor enforceable in accordance with its terms; and
- (c) all necessary authorisations and consents for the execution, delivery and performance by it of this Agreement have been obtained.
- (d) the execution, delivery and performance of this Agreement by it will not:
  - (i) violate, conflict with or result in any breach of any Applicable Law;
  - (ii) violate, conflict with or result in any breach of any of the provisions of its constituent documents; and/or.
  - (iii) violate, conflict with or result in a default (or any event which, with notice or lapse of time or both, would constitute a default) under, or give rise to any right of termination, cancellation or acceleration under, any documents, contracts, licenses, permissions, consents, registrations, agreements or any other instruments to which it is a party or which are applicable to it or under which it receives any benefit, whether or not it is a party thereto.

**7. Arbitration, Governing Law and Jurisdiction**

The provisions of Clause 12 (*Governing Law, Jurisdiction and Arbitration*) of the Agreement shall apply mutatis mutandis.

- 8.** Capitalised terms used in this Deed but not defined shall have the meaning given to them in the Agreement.

Executed as a DEED the day and year first before written.

For the Covenantor

\_\_\_\_\_  
By:  
Title:

## SCHEDULE 4

### RESERVED MATTERS

#### Part A – Investor Reserved Matters

1. Alteration or change in the rights, preferences, or privileges of any of the Securities.
2. Adoption of Accounts of the Company.
3. Adoption or amendment of the directors' and officers' liability insurance policy.
4. Any increase or reduction in the authorized, issued, subscribed or paid-up Share Capital (including any Securities) of the Company, including any new issue of Securities in accordance with Clause 7.1 of the Agreement, excluding any issue or allotment of Securities, or, changes to the Share Capital, pursuant to an Exempted Issuance.
5. Undertaking any Corporate Event.
6. Reduction of capital or buy-back of Securities or redemption of Securities.
7. Any change in the size or terms of the ESOP and employee option grants under this Agreement or creation/adoption of any stock option plan (by whatever name called), restricted stock plan or similar sweat equity, incentive or equity plan or effecting any ESOP/incentive pool increases, excluding any grant of options or allotment of shares, or allocations or issuances by the Company under the ESOP or any other stock option plan adopted in accordance with this Agreement.
8. Undertake or intend to undertake any merger, demerger (including demerger of any business division/unit of the Company into any Person or the demerger of any business division/unit of any Person into the Company), or other similar corporate restructuring of the Company, joint venture, consolidation, reorganization, or any other arrangement of composition with the creditors of the Company.
9. Undertaking any activity that could be considered as being within a sector in which foreign investment of 100% (One Hundred percent) is not permitted under the automatic route under applicable Law.
10. Enter into any or agree to enter into any transaction involving liquidation, dissolution, disposition, sale, license, acquisition (including acquisition of shares, securities or assets of any Person, business or business organisations, or acquiring any other interests therein, in each case, directly or indirectly), destruction or transfer of, all or substantially all the assets (including securities) or property (including intellectual properties) of the Company.
11. Split-off, spin-off, slump sale, business transfer, bankruptcy of the Company, taking steps to wind-up or dissolve or the making of an administration order in respect of the Company.
12. Enter into transactions with Related Parties.
13. Amendment of the Charter Documents.
14. Appointment, termination, amendment of the terms of appointment or determination of the compensation of the Key Employees.

15. Declare or pay any dividends or declare or make any other distribution, directly or indirectly, on account of any Securities.
16. The incurrence or grant of any indebtedness, creation of any lien, charges, mortgage, guarantee or other encumbrance in order to secure indebtedness, except in accordance with the Business Plan, and in excess of INR 10,00,000 (Indian Rupees Ten Lakh) in one instance or INR 10,00,000 (Indian Rupees Ten Lakh) in the aggregate.
17. Increasing or reducing the size of the Board, or, change in composition of the Board, other than in accordance with the terms of this Agreement.
18. Appointment, re-appointment or change of the internal auditors or the statutory auditors of the Company, including the terms of such appointment, and any amendment to such terms.
19. Engage in any transaction (or any series of transactions) that will result in a sale of Securities constituting more than 50% of the Share Capital.
20. Any change/cessation in business or commencement or acquisition of a new line of business or creation or dissolution of a Subsidiary.
21. Initiation or settlement of any litigation, arbitration or procedure which involves an adjudicative function, exceeding INR 1,00,000 (Indian Rupees One Lakh).
22. Adoption of the annual budget/business plan (including the Business Plan), or any amendment/variation to such approved annual budget/business plan, including the financial parameters contained therein.
23. Any change in the accounting policies or the tax structure of the Company, except as required by Applicable Laws.
24. Any payment by the Company exceeding an amount of INR 20,00,000 (Rupees Twenty Lakhs) to any Person including vendors, suppliers, distributors, etc. in the course of its Business, unless otherwise agreed in the Business Plan.
25. Any conversion of the Company into a public limited company.
26. Delegation of authority or any of the powers relating to any matter contained in this Schedule 4 of the Board of the Company and/or its Affiliates to any individual or committee.
27. All matters stated in this Schedule 4 in relation to any Subsidiaries.

It is clarified that any monetary limits stated in this Schedule 4 unless specified otherwise, are indicated on an aggregate basis, and such limits shall apply to both a single transaction and a series of transactions carried out by the Company in a particular Financial Year.

*[Remainder of the page intentionally left blank]*

## **Part B**

### **Promoter Reserved Matters**

1. Alteration or change in the rights, preferences, or privileges of any of the Securities held by the Promoter.
2. Any increase or reduction in the authorized, issued, subscribed or paid-up Share Capital (including any Securities) of the Company, including any new issue of Securities in accordance with Clause 7.1 of the Agreement, excluding any issue or allotment of Securities, or, changes to the Share Capital, or any pursuant to an Exempted Issuance.
3. Reduction of capital or buy-back of Securities or redemption of Securities.
4. Any restructuring or reorganisation of the Company, its business or assets, (in whole or in part) whether by way of slump sale, business transfer, asset transfer, spin off, or any merger, reverse merger, demerger, consolidation and amalgamations or scheme of arrangement.
5. Split-off, spin-off, slump sale, business transfer, bankruptcy of the Company, taking steps to wind-up or dissolve or the making of an administration order in respect of the Company.
6. Enter into any or agree to enter into any transaction involving liquidation, dissolution, disposition, sale, license, acquisition (including acquisition of shares, securities or assets of any Person, business or business organisations, or acquiring any other interests therein, in each case, directly or indirectly), destruction or transfer of, all or substantially all the assets (including securities) or property (including intellectual properties) of the Company.
7. Amendment of the Charter Documents to the extent such amendment adversely impacts the Promoter (excluding any Exempted Issuance).
8. Any Liquidation Event.
9. Any conversion of the Company into a public limited company.
10. The appointment, suspension or termination of any Key Employee or change or waiver of the terms of their employment (including change in rights, duties, and compensation specified under their respective employment agreements).
11. Adoption of the annual budget/business plan (including the Business Plan), or any amendment/variation to such annual budget/business plan, including the financial parameters contained therein.
12. Any change/cessation in business or commencement or acquisition of a new line of business or creation or dissolution of a Subsidiary.
13. All matters stated in this Schedule 4 in relation to any Subsidiaries.

*[Remainder of the page intentionally left blank]*

## **SCHEDULE 5**

### **DETAILS OF SKIN AND HAIR CLINIC CENTRES**

1. Centre operated by 'Dr. Sheth's Skin and Hair Clinics LLP' at 2nd Floor, Sethna Building, Marine lines, next to our lady of Dolores church, under Marine lines flyover, Mumbai - 400002.
2. Centre operated by 'Dr. Sheth's Skin and Hair Clinics LLP' at 2nd floor, Casablanca, plot no 130 Gul mohar cross Rd 10, JVPD scheme, Mumbai- 400049

*[Remainder of the page intentionally left blank]*

## SCHEDULE 6

### CALL OPTION SECOND TRANCHE CONSIDERATION

- Enterprise Valuation: Amount equal to 3 (three) times of the Net Revenue determined on an annualised basis for the period preceding 4 (four) months from the Second Tranche Completion Date
- Equity Valuation: Enterprise Valuation (Less) Second Tranche Net Debt
- Second Tranche Net Debt: Any outstanding debt (Less) any cash & cash equivalents as on the date of exercise of the Call Option.

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