

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT (the “**Agreement**”) is entered into on this 1st day of September 2022 (the “**Effective Date**”).

BY AND BETWEEN:

M/s AAA Apparels MFG Co, a sole proprietorship having PAN [AALPC0564A] and having its office at [295 UDHYOG VIHAR VI, GURUGRAM, HARYANA, 122016] (hereinafter referred to as the “**AAA Apparels**” which expression shall unless repugnant to the context or meaning thereof be deemed to include its successors and permitted assigns), through its authorized signatory Mr. Ashwani Chopra, of the **ONE PART**

AND

Amber Fashion, a sole proprietorship having PAN [ANKPC7503K] and having its office at [LGF J6/14 DLF – 2, GURUGRAM, HARYANA, 122002] (hereinafter referred to as the “**Amber**” which expression shall unless repugnant to the context or meaning thereof be deemed to include its successors and permitted assigns), through its authorized signatory Mr. Abhishek Chopra, of the **SECOND PART**;

AND

Mantra, Inc., having its registered office at 1407 Broadway Suite 1701 New York, NY10018 through its authorized representative Mr. Vineet Sood, (Copy of board resolution dated 11th August 2022 annexed)] (Hereinafter referred to as “**Mantra**” which expression shall unless repugnant to the context or meaning thereof be deemed to include its successors and permitted assigns) of the **THIRD PART**.

(Parties of the First, Second and Third Parts are referred to individually as the “**Party**” and together, as the “**Parties**”)

WHEREAS:

1. An MOU dated 16.05.2003 was entered into between Mantra and AAA Apparels. The Mantra on the basis of the said MOU inter alia claims that it has half share in the property bearing no. 295 Udyog Vihar, Phase 6, Gurgaon (hereinafter referred to as ‘the suit property’), as it has paid an amount of Rs. 1,12,50,000/- to AAA Apparels in compliance of the said MOU.
2. AAA Apparels claims that it bought the suit property through its own funds and loans and is the absolute owner of the suit property. AAA Apparels further claims that the said MOU is not only unregistered and insufficiently document but is also inconclusive agreement as the terms of the said MoU could not be given effect to.

3. That certain disputes arose between AAA Apparels and Mantra, which led to the institution of a Civil Suit by Mantra and a Counter Claim by AAA Apparels in the said suit, [Civil Suit bearing No. 59 of 2021 (earlier numbered as CS No. 478 of 2006) (hereinafter referred to as the (“**Pending Proceedings**”)).
4. The Parties have decided to mutually settle their Disputes, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements contained herein, the Parties hereby agree as follows:

1. The Parties agree that the present Agreement is being entered into with the sole purpose of mutually and amicably settling all the disputes between the Parties, which are also subject matter of Pending proceedings (as defined above) and are pending as on date of this Agreement.
2. The parties have agreed to settle the pending proceedings for an amount of Rs. 45,00,000/- (Rupees Forty Five Lacs Only) (inclusive of all taxes/ excluding GST, if any) (the “**Final Settlement Amount**”) payable by AAA Apparels to Mantra. The parties agree and confirm that the Final Settlement amount is due and payable to Mantra on the date of this agreement. However, the final settlement amount shall be paid by AAA Apparels and/or Amber to Mantra within a period of 2 years from the effective date.
3. Amber on behalf of AAA Apparels hereby agrees as to pay to Mantra Inc. an amount of ₹ 45,00,000/- (inclusive of all taxes/ excluding GST, if any) within a period of 2 years, as a full and final settlement amount to the Mantra Inc. from the Effective Date of this Agreement, in the following manner.
4. In order to create goodwill and ensure that the present agreement is performed in the best manner possible, Amber Fashion shall transfer an amount of Rs 4,00,000 (Rupee Four Lakhs only) after providing the details of the Proforma Invoice to the Third Party within 3 days of legal execution of the instant agreement and thereafter transfer the amount within 8 days of receipt of the Proforma Invoice from the Third Party in the following bank account of Mantra:

Domestic/International wire transfer:

Settlement To :

TD Bank
469 7th Ave, New York, NY 10018
Routing #. 026013673
Swift code : NRTHUS33XXX

In Favor Of :
A/C Nr : 7918312914
Name : Mantra Inc
Address:1407 Broadway Suite 1701 New York, NY 10018

- 4.1 The Amber shall pay to Mantra a commission on the gross receipt for each and every purchase order received from USA which is processed within a period of 2 years from the effective date (the “**payment term**”). The Amber, during the payment term, shall continue to pay the Commission to the Mantra quarterly till such time as the total Commission paid by the Amber amounts to the Final Settlement Amount. The Amber shall directly transfer the commission in Mantra’s Bank Account as mentioned in para 4 above. There shall be a reconciliation of account at the end of every quarter starting from the “**effective date**” for **confirmation of commission amount paid by Amber to Mantra**. For the ease and assistance of the parties, the lawyers of both sides may verify the amount that has been paid and the outstanding amount through exchange of emails after every quarter.
- 4.2 The Commission shall accrue from the business carried on by Amber during the Payment Term. The Amber shall ensure that the total Commission paid within the Payment Term amounts to the Final Settlement Amount.
- 4.3 The Amber agrees and confirm that during the first year of the payment term it shall atleast pay an amount of Rs. 12,00,000/-(Rupees Twelve Lacs Only) (including Rs. 4,00,000/- paid at the time of execution into this agreement as state in para 4 of above) out of the final settlement amount to Mantra.
- 4.4 The Amber has, simultaneously with the execution of this Agreement handed over two blank Post Dated Cheques in favor of Mantra Inc., one cheque bearing No. 000086 dated 7.09.2023 (drawn on Kotak Mahindra Bank Ltd.) not exceeding than ₹ 8,00,000/- and the other cheque bearing no. 000087 (drawn on Kotak Mahindra Bank Ltd.) dated 7.09.2024 not exceeding than ₹ 33,00,000/-, which shall remain in the custody of the attorney of Mantra Inc. In the event the total commission paid during

the first year of the payment term falls short of Rs. 12,00,000/-, the Mantra shall encash the cheque bearing no. 000086 dated 07.09.2023 to the extent of shortfall and in case the commission paid during the first year of payment term exceeds Rs. 12,00,000/- (inclusive of Rs. 4,00,000/- given as advance), the mantra shall return the cheque bearing no. 000086 dated 07.09.2023 to the Amber. Similarly, in the event the total commission paid falls short of the final settlement amount at the end of the payment terms, Mantra shall bank the cheque bearing no. 000087 dated 07.09.2024 to the extent of the shortfall. It is submitted that in order to ensure that the shortfall amount is crystallised, the ledger between the parties may be verified by the lawyers of both sides on or before the end of first year of payment terms as well as on or before the date of expiry of the present agreement.

- 4.5 The Third Party agrees and states that it shall provide an Undertaking stating that it does not have any bank accounts within the territory of India and will also issue a Proforma Invoice prior to receiving the commission from the Second Party. It is further agreed between the Parties, that the Second Party shall provide the details of the Proforma Invoice (including but not limited to details of consignee, invoice amount, etc.) to the Third Party so as to enable the third party to raise the Proforma invoice. The Third Party also agrees to furnish any other document which may be required by the Bank with respect to furnishing the Performa Invoice in future, if required. That the format of the undertaking and proforma invoice are annexed to Appendix-1 of the instant Settlement Agreement.
5. All the parties to this Agreement unconditionally agrees and states that after the receipt of the Final Settlement Amount by Mantra, no party shall have any right, title, claim or interest against each other as on the Effective Date and all dues owed to Mantra shall be deemed to have been paid in full. Mantra hereby expressly forfeits and right, title, claim or interest that it may have against “**AAA Apparels**” beyond the Final Settlement Amount.
6. The AAA Apparels and the Amber expressly forfeits any rights or claims that it may have in relation to any dues or liabilities against the Mantra with respect to any past transaction entered into between Mantra and AAA Apparels prior to the execution of this agreement. Upon the payment of the Final Settlement Amount, no party shall have any liability towards each other.
7. **The** authorized signatory of the AAA Apparels and Amber personally and individually guarantees unconditionally full and prompt payment of the entire final settlement amount due under this Agreement to Mantra and in case of any default or non-adherence of terms of this Agreement by AAA Apparels and/or Amber, AAA

Apparels and Amber and their authorized signatory personally and individually agrees that **Mantra shall** not be required to first proceed against the AAA Apparels and/or Amber or enforce any other remedy before proceeding against the Authorized signatory of AAA Apparels and Amber for any amount due under this agreement.

8. Parties hereto agree to file the present Agreement in the Pending Proceedings and get the original suit & the Counter-claim decreed in terms of the present Agreement. It is clarified that in case of non-adherence to the terms of the Agreement or the return of cheque for whatever reason, Mantra shall be entitled to recover the shortfall money in terms of the present agreement from AAA Apparels and/or Amber and/ or their authorized signatory along with an interest @ 18% per annum from the date of end of payment term.
9. The Parties acknowledge that, except for the above-referenced payments and receipt of the same as referred above, they shall not be entitled to any other payments from the other Party with regard to the pending dispute between the parties and which are subject matter of proceedings pending before the Gurgaon Court or any other court in India.
10. The Parties represent and agree that they fully understand their right to discuss all aspects of this Agreement with their lawyers; that they have availed themselves of this right; that they have carefully read and fully understood all of the provisions of this Agreement and that they are voluntarily entering into this Agreement with free consent without any coercion, misrepresentation or undue influence etc.
11. This Agreement is final agreement by and between AAA Apparels, Amber and Mantra and supersedes any other agreement along with all prior discussions and negotiations.
12. The terms of this Agreement shall be governed by the laws of India and the courts of Gurgaon shall have exclusive jurisdiction over this Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the date first above written.

<hr/> <p>Signed & delivered by Mr. Abhishek Chopra, Sole Proprietor [Amber Fashion]/ Personal Guarantor Date: Place: Gurgaon</p>	<hr/> <p>Signed & delivered by Mr. Vineet Sood Authorized Signatory [Mantra] Date: Place: Gurgaon</p>
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<p>Signed & delivered by Mr. Ashwani Chopra, Sole Proprietor [M/s AAA Apparels MFG Co] / Personal Guarantor Date: Place: Gurgaon</p>	
<p>Witness 1 Name: Date: Place:</p>	<p>Witness 1 Name: Date: Place:</p>

Appendix-1
Model Undertaking

To,
Amber Fashion,
LGF J6/14 DLF – 2,
GURUGRAM, HARYANA, 122002

We hereby confirm that:

1. Mantra Inc. (“Hereinafter referred to as Company”) is a company registered under the local laws and has registered office at 1407 Broadway Suite 1701 New York, NY10018.
2. The company is a resident of State of New York, United States of America and all its income is being regularly assessed in this country. Company is a resident of this country within the meaning of the double taxation avoidance/convention with India.
3. The Company confirms this position for the period starting as on 01.09.2022 to 01.10.2024.
4. The Company does not have any permanent establishment in India. Any income or services offered by us will not be attributable to any permanent establishment in India.
5. In the event of any change in any of the facts above, the Company undertakes to forthwith inform Amber Fashion full particulars of any such change.

For _____
(Authorized Signatory)

Date:
Place:

Proforma Invoice

Commission Invoice

Amber Fashion

Dated:

RE: Commission due from Amber Fashion

Details of Outstanding sales Commission of (___Amount___) are as follows:

Consignee	Invoice No.	Commission Amount

Kindly arrange the said due payment and share the transfer reference. Thanking you in advance.