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SHAREHOLDERS' AGREEMENT
BIOPHARMA INDUSTRIES LIMITED

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THIS SHAREHOLDERS' AGREEMENT is made and entered into on this 1st day of April, 2020

BETWEEN

1. DR. RAMESH NARAYAN KULKARNI, aged 58 years, residing at 45, Hiranandani Gardens, Powai, Mumbai - 400076 (hereinafter referred to as "Promoter 1" which expression shall include his heirs, executors, administrators, and permitted assigns);
2. MRS. SUNITA RAMESH KULKARNI, aged 55 years, residing at 45, Hiranandani Gardens, Powai, Mumbai - 400076 (hereinafter referred to as "Promoter 2" which expression shall include her heirs, executors, administrators, and permitted assigns);
3. MR. ANIL SHANKAR JOSHI, aged 52 years, residing at 12, Raheja Residency, Thane West - 400601 (hereinafter referred to as "Co-Founder" which expression shall include his heirs, executors, administrators, and permitted assigns);
4. PHARMA GROWTH FUND I, a SEBI-registered Alternative Investment Fund (Category II), acting through its Investment Manager PharmaVentures Asset Management LLP, having its registered office at 14th Floor, Express Towers, Nariman Point, Mumbai - 400021 (hereinafter referred to as "Investor" which expression shall include its successors and permitted assigns);

AND

5. BIOPHARMA INDUSTRIES LIMITED, a public company limited by shares, incorporated under the Companies Act, having its registered office at Plot No. 234-235, MIDC Industrial Area, Thane-Belapur Road, Rabale, Thane - 400701 (hereinafter referred to as the "Company" which expression shall include its successors and permitted assigns).

Promoter 1, Promoter 2, and Co-Founder are collectively referred to as "Promoters" and individually as "Promoter".

Promoters and Investor are collectively referred to as "Shareholders" and individually as "Shareholder".

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RECITALS

A. The Company is engaged in the business of manufacturing pharmaceutical formulations and is a licensed drug manufacturer under the Drugs and Cosmetics Act, 1940.

B. The Company operates two manufacturing facilities - one in Thane, Maharashtra (tablets and capsules) and another in Baddi, Himachal Pradesh (liquid orals).

C. The Company holds WHO-GMP certification for its Thane facility and has filed multiple ANDAs with the US FDA for the US generic market.

D. The Investor has agreed to invest Rs. 30,00,00,000/- (Rupees Thirty Crores only) in the Company by way of subscription to equity shares.

E. The parties wish to record their mutual rights and obligations with respect to the management and operation of the Company and their inter se rights as shareholders.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the parties agree as follows:

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ARTICLE 1 - DEFINITIONS AND INTERPRETATION

1.1 DEFINITIONS

Unless the context otherwise requires, the following terms shall have the meanings assigned to them:

"Act" means the Companies Act, 2013 and rules made thereunder.

"Affiliate" means with respect to any Person, any other Person that directly or indirectly controls, is controlled by, or is under common control with such Person.

"Articles" means the Articles of Association of the Company.

"Board" means the Board of Directors of the Company.

"Business Day" means any day other than Saturday, Sunday, or a public holiday in Mumbai.

"Capital" means the total paid-up equity share capital of the Company.

"Drug Licenses" means all manufacturing licenses, import licenses, product registrations, and regulatory approvals held by the Company under the Drugs and Cosmetics Act and rules made thereunder.

"Encumbrance" means any mortgage, charge, pledge, lien, security interest, or other encumbrance of any kind.

"Exit Event" means an IPO, Strategic Sale, or Secondary Sale as defined in this Agreement.

"GMP" means Good Manufacturing Practice as defined in Schedule M of the Drugs and Cosmetics Rules.

"IPO" means an initial public offering of equity shares of the Company on a recognized stock exchange in India.

"Person" includes any individual, corporation, partnership, trust, or other entity.

"Promoter Shareholding" means the aggregate shareholding of all Promoters.

"Reserved Matters" means the matters listed in Article 7 requiring Investor consent.

"Securities" means equity shares, preference shares, convertible instruments, warrants, options, or any other securities of the Company.

"Shares" means equity shares of Rs. 10/- each in the capital of the Company.

"Strategic Sale" means a sale of the Company to a strategic buyer resulting in change of control.

"Transfer" includes sale, assignment, gift, pledge, encumbrance, or any other disposition.

1.2 INTERPRETATION

- (a) Words importing one gender include all genders.
 - (b) Words importing the singular include the plural and vice versa.
 - (c) Headings are for convenience only and shall not affect interpretation.
 - (d) References to Articles are to articles of this Agreement.
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ARTICLE 2 - INVESTMENT

2.1 INVESTMENT AMOUNT

The Investor shall invest Rs. 30,00,00,000/- (Rupees Thirty Crores only) in the Company by subscribing to 15,00,000 (Fifteen Lakh) equity shares of Rs. 10/- each at a premium of Rs. 190/- per share, i.e., at a price of Rs. 200/- per share.

2.2 PRE-MONEY VALUATION

The parties agree that the pre-money equity valuation of the Company is Rs. 170,00,00,000/- (Rupees One Hundred Seventy Crores only).

2.3 POST-MONEY VALUATION

The post-money equity valuation of the Company, after the Investment, shall be Rs. 200,00,00,000/- (Rupees Two Hundred Crores only).

2.4 UTILIZATION OF FUNDS

The Investment proceeds shall be utilized by the Company for:

- (a) Capacity expansion at Baddi facility - Rs. 12 Crores
- (b) US FDA preparation and ANDA filings - Rs. 8 Crores

- (c) Working capital for new product launches - Rs. 7 Crores
- (d) General corporate purposes - Rs. 3 Crores

2.5 CONDITIONS PRECEDENT

The obligation of the Investor to complete the Investment is subject to satisfaction of conditions precedent including:

- (a) Completion of due diligence to Investor's satisfaction
 - (b) All regulatory approvals obtained
 - (c) No material adverse change in Company's business or prospects
 - (d) No breach of representations and warranties
 - (e) Amendment of Articles to incorporate investor rights
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ARTICLE 3 - SHAREHOLDING PATTERN

3.1 POST-INVESTMENT SHAREHOLDING

Upon completion of the Investment, the shareholding pattern shall be:

Shareholder	Shares	Percentage
Dr. Ramesh N. Kulkarni	1,00,00,000	50.00%
Mrs. Sunita R. Kulkarni	35,00,000	17.50%
Mr. Anil S. Joshi	20,00,000	10.00%
Pharma Growth Fund I	15,00,000	7.50%
Other Shareholders	30,00,000	15.00%
TOTAL	2,00,00,000	100.00%

3.2 PROMOTER MINIMUM SHAREHOLDING

The Promoters collectively agree to maintain a minimum shareholding of 51% (Fifty-One Percent) of the Capital at all times until an Exit Event, unless otherwise agreed by the Investor in writing.

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ARTICLE 4 - REPRESENTATIONS AND WARRANTIES

4.1 REPRESENTATIONS BY PROMOTERS AND COMPANY

The Promoters and the Company jointly and severally represent and warrant:

(a) CORPORATE MATTERS

- Company is duly incorporated and validly existing
- Company has power to conduct its business
- Execution of this Agreement is duly authorized

(b) DRUG LICENSES AND REGULATORY COMPLIANCE

- All Drug Licenses are valid, subsisting, and not under suspension
- Company is in material compliance with the Drugs and Cosmetics Act
- Manufacturing facilities comply with Schedule M (GMP) requirements
- No show cause notice or prosecution pending under drug laws
- WHO-GMP certificate for Thane facility is valid
- All product approvals are in good standing
- Pharmacovigilance system is in place

(c) QUALITY AND SAFETY

- No product recall in last 3 years due to quality defects
- No serious adverse drug reactions attributable to Company's products
- All process validations and stability studies are current
- Quality control laboratory is adequately equipped and staffed

(d) INTELLECTUAL PROPERTY

- Company has valid trademark registrations for its brand names
- No patent infringement claims pending
- Freedom to operate opinions obtained for all products

(e) FINANCIAL MATTERS

- Financial statements fairly present the financial position
- No undisclosed liabilities
- Tax returns filed and taxes paid
- No material litigation

(f) ENVIRONMENTAL COMPLIANCE

- All environmental clearances obtained
- Consent to operate from pollution control boards valid
- Effluent treatment plant functioning properly

(g) EMPLOYEES

- Key technical staff (Technical Director, QA Head, QC Head) employed
- No labor disputes or pending claims
- ESOP scheme properly administered

4.2 REPRESENTATIONS BY INVESTOR

The Investor represents and warrants:

- (a) It is a SEBI-registered AIF with authority to make this Investment
- (b) Execution of this Agreement is duly authorized
- (c) Funds for Investment are available

4.3 SURVIVAL OF REPRESENTATIONS

The representations and warranties shall survive Closing for a period of 3 (three) years.

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ARTICLE 5 - GOVERNANCE

5.1 BOARD COMPOSITION

The Board shall consist of:

- (a) 3 (three) Directors nominated by Promoters
- (b) 1 (one) Director nominated by Investor
- (c) 2 (two) Independent Directors mutually agreed

Total Board strength: 6 (six) Directors

5.2 PROMOTER NOMINEE DIRECTORS

The Promoters shall be entitled to nominate:

- Dr. Ramesh Kulkarni as Managing Director
- Mrs. Sunita Kulkarni as Whole-Time Director
- One additional Director

5.3 INVESTOR NOMINEE DIRECTOR

The Investor shall be entitled to nominate 1 (one) Director to the Board for as long as it holds at least 5% of the Capital.

5.4 INDEPENDENT DIRECTORS

The 2 (two) Independent Directors shall be appointed by mutual agreement of the Promoters and Investor.

5.5 BOARD MEETINGS

- (a) The Board shall meet at least once every quarter
- (b) Quorum shall require presence of Investor Nominee Director for Reserved Matters
- (c) 7 days' notice required for Board meetings (may be waived)
- (d) Video conferencing permitted

5.6 COMMITTEES

The following Board Committees shall be constituted:

- (a) Audit Committee - Investor Nominee Director to be a member
- (b) Nomination and Remuneration Committee
- (c) CSR Committee
- (d) Risk Management Committee

5.7 OBSERVER RIGHTS

The Investor shall have the right to appoint one observer to attend Board meetings and Committee meetings without voting rights.

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ARTICLE 6 - MANAGEMENT

6.1 KEY MANAGERIAL PERSONNEL

The following shall be designated as Key Managerial Personnel:

- (a) Managing Director - Dr. Ramesh Kulkarni
- (b) Chief Financial Officer - As appointed by Board
- (c) Company Secretary - As appointed by Board

6.2 KEY TECHNICAL PERSONNEL

Given the regulated nature of the business, the following shall be designated as Key Technical Personnel requiring Investor notification for any change:

- (a) Technical Director (as required under Drug License)
- (b) Head of Quality Assurance
- (c) Head of Quality Control
- (d) Head of Regulatory Affairs
- (e) Production Manager (for each facility)

6.3 MANAGEMENT COMPENSATION

The compensation of Managing Director and Whole-Time Director shall be approved by the Nomination and Remuneration Committee and shall be competitive with industry standards.

6.4 BUSINESS PLAN

The Company shall prepare and submit to the Board an annual business plan including:

- (a) Revenue and profit projections
 - (b) New product launches
 - (c) Regulatory filings (domestic and international)
 - (d) Capacity expansion plans
 - (e) Capital expenditure budget
 - (f) Working capital requirements
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ARTICLE 7 - RESERVED MATTERS

7.1 INVESTOR CONSENT REQUIRED

The following matters shall require prior written consent of the Investor:

(a) CORPORATE STRUCTURE

- Amendment of Memorandum or Articles
- Change in authorized or paid-up capital
- Issue of new Securities (except under ESOP)
- Merger, amalgamation, demerger
- Winding up or dissolution

(b) FINANCIAL MATTERS

- Borrowings exceeding Rs. 10 Crores individually or Rs. 25 Crores in aggregate (beyond existing facilities)
- Investments exceeding Rs. 5 Crores
- Related party transactions exceeding Rs. 1 Crore annually
- Change of statutory auditors
- Declaration of dividend

(c) BUSINESS MATTERS

- Change in nature of business
- Entry into new line of business
- Acquisition of business or assets exceeding Rs. 10 Crores
- Sale or transfer of material assets
- Grant of exclusive licenses

(d) REGULATORY AND COMPLIANCE

- Surrender or non-renewal of Drug Licenses
- Any action that may result in suspension of Drug License
- Settlement of regulatory proceedings
- Voluntary product recall

(e) PERSONNEL

- Change in Managing Director or Whole-Time Director

- Compensation increase exceeding 20% in any year for KMPs
- Material changes to ESOP scheme

7.2 DEEMED CONSENT

If the Investor does not respond within 15 (fifteen) Business Days of receiving a request for consent, consent shall be deemed to have been given.

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ARTICLE 8 - INFORMATION RIGHTS

8.1 PERIODIC INFORMATION

The Company shall provide to the Investor:

(a) MONTHLY (within 15 days of month end)

- Management Information System (MIS) report
- Production and sales data
- Order book position

(b) QUARTERLY (within 30 days of quarter end)

- Unaudited financial statements
- Regulatory compliance certificate
- Update on pending regulatory matters
- Quality metrics (batch failures, complaints, ADRs)
- Update on ANDA/registration filings

(c) ANNUALLY (within 60 days of year end)

- Audited financial statements
- Directors' Report
- Annual Return

8.2 EVENT-BASED INFORMATION

The Company shall promptly inform the Investor of:

- (a) Any show cause notice under drug laws
- (b) Any regulatory inspection (within 2 days of notice)
- (c) Results of regulatory inspections (within 2 days of completion)
- (d) Any product quality issue or recall
- (e) Any material litigation
- (f) Any change in Key Technical Personnel
- (g) Any material adverse event

8.3 INSPECTION RIGHTS

The Investor shall have the right to:

- (a) Inspect books and records of the Company upon reasonable notice
 - (b) Visit manufacturing facilities upon reasonable notice
 - (c) Meet with management and Key Technical Personnel
 - (d) Conduct quality and regulatory due diligence through experts
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ARTICLE 9 - TRANSFER OF SHARES

9.1 LOCK-IN PERIOD

- (a) The Promoters shall not Transfer any Shares for a period of 3 (three) years from Closing ("Promoter Lock-in Period")
- (b) The Investor shall not Transfer any Shares for a period of 1 (one) year from Closing ("Investor Lock-in Period")

9.2 RIGHT OF FIRST REFUSAL (ROFR)

After the Lock-in Period, if any Shareholder ("Selling Shareholder") wishes to Transfer Shares to a third party:

- (a) The Selling Shareholder shall first offer such Shares to other Shareholders pro-rata to their shareholding
- (b) The offer shall be in writing specifying the number of Shares, price, and other terms
- (c) Other Shareholders shall have 30 days to accept the offer
- (d) If not accepted, the Selling Shareholder may sell to third party on terms no more favorable than offered to other Shareholders
- (e) Sale to third party must be completed within 90 days

9.3 TAG-ALONG RIGHT

If Promoters propose to sell Shares to a third party such that their aggregate holding would fall below 51%, the Investor shall have the right to participate in such sale on the same terms and conditions, pro-rata to their shareholding.

9.4 DRAG-ALONG RIGHT

If Shareholders holding at least 75% of the Capital approve a Strategic Sale, they shall have the right to require all other Shareholders to sell their Shares on the same terms and conditions.

9.5 PERMITTED TRANSFERS

The following Transfers shall be exempt from ROFR:

- (a) Transfer by Promoter to immediate family members or family trust
- (b) Transfer by Investor to its Affiliates
- (c) Transfer pursuant to an Exit Event

Provided that the transferee agrees in writing to be bound by this Agreement.

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ARTICLE 10 - EXIT RIGHTS

10.1 EXIT TIMELINE

The parties agree to pursue an Exit Event within 5 (five) years from Closing ("Exit Period").

10.2 PREFERRED EXIT ROUTE

The preferred Exit Event shall be an IPO on a recognized stock exchange in India.

10.3 IPO COMMITMENT

- (a) The Promoters and the Company shall use best efforts to complete an IPO within the Exit Period
- (b) The IPO shall be on a recognized stock exchange (BSE/NSE)
- (c) The Investor shall have the right to include its Shares in the IPO as part of an offer for sale
- (d) The Company shall bear all expenses of the IPO

10.4 IPO TERMS

- (a) The IPO shall be at a valuation acceptable to the Investor
- (b) The Investor shall have the right to appoint one investment banker to the IPO
- (c) The Investor shall have customary registration rights
- (d) Lock-in post-IPO shall be as per SEBI regulations

10.5 ALTERNATIVE EXIT

If an IPO is not completed within the Exit Period, the Investor shall have the right to:

- (a) Require the Company/Promoters to find a buyer for its Shares at a price not less than the Investment Amount plus 15% IRR compounded annually ("Floor Price")
- (b) Drag the Promoters into a Strategic Sale
- (c) Sell its Shares in a secondary sale with tag-along for Promoters

10.6 PROMOTER PUT OPTION

After completion of 7 (seven) years from Closing, if no Exit Event has occurred, the Investor shall have the right to require the Promoters to purchase its Shares at the Floor Price.

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ARTICLE 11 - ANTI-DILUTION

11.1 ANTI-DILUTION PROTECTION

If the Company issues new Shares at a price lower than the price paid by the Investor (Rs. 200 per Share), the Investor shall be entitled to:

- (a) Weighted average anti-dilution protection
- (b) Additional Shares to be issued to Investor at par value to maintain effective price

11.2 EXEMPTIONS

Anti-dilution protection shall not apply to:

- (a) Shares issued under ESOP (up to 7.5% of Capital)
 - (b) Shares issued with Investor consent
 - (c) Shares issued in an IPO
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ARTICLE 12 - ESOP

12.1 ESOP POOL

The Company may create an ESOP pool of up to 7.5% (Seven and a Half Percent) of the Capital for employees.

12.2 ESOP TERMS

The ESOP scheme shall be administered by the Nomination and Remuneration Committee with the following guidelines:

- (a) Options to be granted at fair market value
 - (b) Vesting period of at least 3 years
 - (c) Key Technical Personnel to be included in ESOP grants
 - (d) Clawback provisions for regulatory non-compliance
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ARTICLE 13 - NON-COMPETE AND NON-SOLICIT

13.1 NON-COMPETE

During the term of this Agreement and for a period of 2 (two) years after ceasing to be a Shareholder, the Promoters shall not directly or indirectly:

- (a) Engage in any business that competes with the Company's business
- (b) Acquire interest in any competing pharmaceutical manufacturing company

13.2 NON-SOLICIT

During the term of this Agreement and for a period of 2 (two) years thereafter, the Promoters shall not solicit or induce any employee or Key Technical Personnel to leave the Company.

13.3 EXCEPTIONS

The restrictions in this Article shall not apply to:

- (a) Holding up to 5% of listed securities of a competing company
 - (b) Activities with prior written consent of the Investor
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ARTICLE 14 - CONFIDENTIALITY

14.1 CONFIDENTIAL INFORMATION

Each party shall keep confidential all information relating to the business, operations, financial condition, and affairs of the Company and other parties.

14.2 EXCEPTIONS

Confidentiality obligations shall not apply to information:

- (a) Already in public domain
- (b) Required to be disclosed by law or regulatory authority
- (c) Disclosed to professional advisers under confidentiality obligations
- (d) Disclosed to Investor's limited partners under confidentiality

14.3 SURVIVAL

Confidentiality obligations shall survive termination of this Agreement for a period of 3 (three) years.

ARTICLE 15 - INDEMNIFICATION

15.1 INDEMNIFICATION BY PROMOTERS

The Promoters shall jointly and severally indemnify the Investor against any losses arising from:

- (a) Breach of representations and warranties
- (b) Breach of covenants under this Agreement
- (c) Pre-Closing tax liabilities
- (d) Pre-Closing litigation and regulatory matters

15.2 INDEMNIFICATION LIMITATIONS

- (a) Minimum claim threshold: Rs. 10 Lakhs individually, Rs. 50 Lakhs aggregate
- (b) Maximum liability: Rs. 30 Crores (equal to Investment Amount)
- (c) Time limit: 3 years from Closing for general matters; 7 years for tax and regulatory matters

15.3 INDEMNIFICATION PROCEDURE

The Investor shall:

- (a) Promptly notify Promoters of any claim
- (b) Allow Promoters to defend third party claims

- (c) Cooperate in the defense
 - (d) Not settle claims without Promoter consent
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ARTICLE 16 - TERMINATION

16.1 TERMINATION EVENTS

This Agreement shall terminate upon:

- (a) Completion of an IPO (subject to post-IPO provisions)
- (b) Acquisition of all Shares by any party
- (c) Winding up of the Company
- (d) Mutual written agreement of all parties

16.2 SURVIVING PROVISIONS

The following provisions shall survive termination:

- (a) Confidentiality
 - (b) Indemnification
 - (c) Non-compete and Non-solicit
 - (d) Governing Law and Dispute Resolution
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ARTICLE 17 - DISPUTE RESOLUTION

17.1 AMICABLE SETTLEMENT

The parties shall attempt to resolve any dispute amicably through senior management discussions for a period of 30 days.

17.2 ARBITRATION

If not resolved amicably, disputes shall be settled by arbitration:

- (a) Seat of arbitration: Mumbai
- (b) Rules: Arbitration and Conciliation Act, 1996
- (c) Number of arbitrators: 3 (one each appointed by parties, third by the two arbitrators)
- (d) Language: English
- (e) Award shall be final and binding

17.3 INJUNCTIVE RELIEF

Notwithstanding the above, parties may seek injunctive relief from courts for breach of confidentiality or non-compete obligations.

ARTICLE 18 - GENERAL PROVISIONS

18.1 ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the parties and supersedes all prior agreements, understandings, and negotiations.

18.2 AMENDMENT

This Agreement may only be amended by written instrument signed by all parties.

18.3 WAIVER

No waiver of any provision shall be effective unless in writing. Waiver of any breach shall not constitute waiver of any subsequent breach.

18.4 SEVERABILITY

If any provision is held invalid, the remaining provisions shall continue in full force and effect.

18.5 ASSIGNMENT

No party may assign this Agreement without written consent of other parties, except:

- (a) Investor may assign to its Affiliates
- (b) Promoters may assign to Permitted Transferees

18.6 NOTICES

All notices shall be in writing and delivered by hand, courier, or email:

To Company/Promoters:

BioPharma Industries Limited
Plot No. 234-235, MIDC Industrial Area
Thane-Belapur Road, Rabale, Thane - 400701
Email: corporate@biopharma.com
Attention: Managing Director

To Investor:

Pharma Growth Fund I
c/o PharmaVentures Asset Management LLP
14th Floor, Express Towers
Nariman Point, Mumbai - 400021
Email: legal@pharmaventures.com
Attention: Fund Manager

18.7 GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of India.

18.8 COUNTERPARTS

This Agreement may be executed in counterparts, each of which shall be deemed an original.

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IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

SIGNED AND DELIVERED BY

For Dr. Ramesh Narayan Kulkarni:

Signature: _____
Name: Dr. Ramesh Narayan Kulkarni
Date: April 1, 2020

For Mrs. Sunita Ramesh Kulkarni:

Signature: _____
Name: Mrs. Sunita Ramesh Kulkarni
Date: April 1, 2020

For Mr. Anil Shankar Joshi:

Signature: _____

Name: Mr. Anil Shankar Joshi

Date: April 1, 2020

For Pharma Growth Fund I:

Signature: _____

Name: Mr. Vivek Sharma

Designation: Fund Manager, PharmaVentures Asset Management LLP

Date: April 1, 2020

For BioPharma Industries Limited:

Signature: _____

Name: Dr. Ramesh Narayan Kulkarni

Designation: Managing Director

Date: April 1, 2020

WITNESSES:

1. Signature: _____

Name:

Address:

2. Signature: _____

Name:

Address:

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END OF SHAREHOLDERS' AGREEMENT

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