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INDIA STAMP DUTY GUJARAT

THIS AGREEMENT is made on _____ day of February, 2021

BETWEEN:

VEEDA CLINICAL RESEARCH PRIVATE LIMITED, a company incorporated in India under the provisions of the Companies Act, 1956, having registration number (CIN) U24230PN2016PTC158537 and having its registered office at 2nd Floor, Shivalik Plaza-A, IIM Road, Ambawadi, Ahmedabad 380015, India, hereinafter referred to as **A** (which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include its Affiliates, successors and permitted assigns) of the **FIRST PART**;

AND

SOMRU BIOSCIENCE INC., a corporation incorporated and registered under the laws of Canada having registration number 822958-9 and having its registered office at 19, Innovation Way, Biocommons Research Park, Charlottetown, Prince Edward Island, C1E 0B7, Canada, hereinafter referred to as **B** (which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include its Affiliates, successors and permitted assigns) of the **SECOND PART**.

WHEREAS:

(A) The parties have agreed to form in India a new jointly-owned company (**the JVC**) which will acquire certain rights and assets, and otherwise be established and carry on business, in the manner set out in this Agreement.

(B) The parties have agreed that their relations as shareholders in the JVC shall be governed by the terms of this Agreement.

IT IS AGREED as follows:

1. INTERPRETATION

Definitions

1.1 In this Agreement the following terms shall, unless the context otherwise requires, have the following meanings:

A Director means a director of the JVC appointed by A pursuant to clause 4.1;

Affiliate means a member of either the A Group or the B Group, as the case may be;

A Shares means ordinary shares of INR 10 each in the capital of the JVC to be owned by A;

B Director means a director of the JVC appointed by B pursuant to clause 4.1;

B Shares means ordinary shares of INR 10 each in the capital of the JVC to be owned by B;

Board means the board of directors of the JVC;

Business means the business to be carried on by the JVC being to provide analytical and bioanalytical services for biologic, biosimilar and biobetter pharmaceutical products to enterprises involved with the development and commercialisation of such pharmaceutical products in accordance with the Business Plan as updated by the Board from time to time;

Completion means completion of the establishment of the JVC in accordance with clause 2;

Conditions Precedent means the conditions precedent to establishment of the JVC set out in clause 27.1;

Equity Shares means A Shares and B Shares collectively.

JVC means the company to be incorporated pursuant to the terms of this Agreement;

Member of the A Group means A and any company of which more than 50 per cent of the equity voting capital is owned or controlled, directly or indirectly, by A;

Member of the B Group means B and any company of which more than 50 per cent of the equity voting capital is owned or controlled, directly or indirectly, by B;

Memorandum and Articles means the Memorandum and Articles of Association of the JVC;

Parties means A and B and party means either of A or B.

Statutory provisions

1.2 Except where the context requires otherwise, references to statutory provisions shall be construed as references to those provisions as respectively amended or re-enacted or as their application is modified by other provisions (whether before or after the date of this Agreement) from time to time.

Headings

1.3 Headings are inserted for convenience only and shall not affect the construction of this Agreement.

Agreed drafts

1.4 Any reference to an **agreed draft** is to the form of the relevant document agreed between the parties and signed on their behalf for the purpose of identification before the signature of this Agreement (with such amendments, if any, as may subsequently be agreed in writing between the parties).

Currency

1.5 Any reference in this Agreement to an amount in INR shall include its market rate equivalent at the relevant time in any other currency or combination of currencies.

2. ESTABLISHMENT OF JVC

Incorporation

2.1 As soon as reasonably practicable after the signing of this Agreement and in any event by the date of Completion referred to in clause 2.3, the parties shall cause the JVC to be incorporated with the following characteristics:

- (a) the JVC shall be formed in India as a private company limited by shares;
- (b) the Memorandum and Articles of the JVC shall be in the form of the agreed draft [attached as an Annex to this Agreement];

- (c) the JVC shall have an authorised share capital of INR 20,000,000 (Rupees Two Crores only) divided into 2,000,000 (Twenty Lakhs only) Equity Shares of Rs. 10 each;
- (d) the registered office shall be at Ahmedabad, India;
- (e) the first auditors of the JVC shall be as decided by the Board of directors.
- (f) The accounting year shall be the financial year starting from 1st April and ending on 31st March every year, except the first year of incorporation of the JVC would be starting from any day but ending on 31st March of next year.

Name

- 2.2** The name of the JVC shall be 'Ingenuity Biosicenc Private Limited' or such other name as shall be mutually agreed between the parties.

Completion

- 2.3** Completion shall take place on _____ [(or, if later, within seven (7) days after the fulfilment or waiver of all of the Conditions Precedent)] when the following events shall take place, namely:

- (a) A shall subscribe unconditionally for 350,000 Equity Shares in cash [at par], payment for which shall be made in cleared funds for the account of the JVC;
- (b) B shall subscribe unconditionally for 350,000 Equity Shares in cash [at par], payment for which shall be made in cleared funds for the account of the JVC;
- (c) the parties shall ensure that the JVC allots and issues, credited as fully paid:
350,000 Equity Shares to A [to include the initial 350,000 ordinary shares of INR 10 each in the JVC subscribed for by A upon incorporation] and
350,000 Equity Shares to B [to include the initial 350,000 ordinary shares of INR 10 each in the JVC subscribed for by B upon incorporation]

and that the names of A and B are entered in the register of members of the JVC as the respective holders of the shares subscribed by them and that share certificates are issued to A and B in respect of such shares;

- (d) Any additional funds raised/contributed in the JVC in cash or kind by A and B during the year, the respective shareholders shall be issued equity shares at the end of each financial year; and
- (d) the following associated agreements shall be entered into, namely:
 - (i) the Product Sales Agreement for supply of kits Agreement (in the form of the agreed draft) between B and the JVC for the supply of kits;
 - (ii) the Technology Licence Agreement (in the form of the agreed draft) between B and the JVC for the licensing of technology;

3. CAPITAL AND FURTHER FINANCE

Share capital

- 3.1** The JVC shall, in accordance with and following completion of the events and transactions referred to in clause 2, have an issued share capital of INR 7,000,000 consisting of 350,000 Equity Shares owned by A and 350,000 Equity Shares owned by B.

Increase in share capital

- 3.2 The share capital of the JVC may from time to time be increased by such sum as shall be mutually agreed but so that in any event (unless otherwise agreed) such increased share capital shall be held in the proportions of 50 per cent by A (or other member of the A Group) and 50 per cent by B (or other member of the B Group).

Further finance

- 3.3 (a) If the JVC shall in the opinion of the Board require further finance, the JVC shall (without prejudice to clause 14) first approach its own banking sources. The parties shall not be obliged to provide guarantees for the JVC's liabilities in respect of such finance but, if possible and if they do so, they shall be given in equal proportions. The liabilities of the parties under any such guarantees shall (so far as possible) be several and, if a claim is made under any such guarantee against a party, that party shall be entitled to a contribution from the other party of such amount as shall ensure that the aggregate liability is borne in equal proportions.

(b) If finance cannot be obtained from the JVC's own banking sources, neither party shall be obliged to provide any such further finance to the JVC. Any such finance which the parties do agree to provide shall (unless otherwise agreed) be provided by the parties in equal proportions (whether by way of subscription of share capital, loan stock or otherwise).

(c) The provisions of this clause 3.3 shall apply *mutatis mutandis* to any finance or guarantees provided for the benefit of any subsidiaries of the JVC.

Party ceasing as shareholder

- 3.4 Upon either party ceasing to be a shareholder in the JVC, the continuing party shall ensure that any finance provided by the leaving party by way of loan under clause 3.3 shall be repaid to it and that it shall be relieved of its obligations under any guarantees provided under clause 3.3 (provided that, notwithstanding the termination of this Agreement, a party ceasing to be a shareholder shall remain liable under any such guarantees for any claims arising in respect of any default by the JVC occurring during the period during which that party was a shareholder in the JVC).

4. DIRECTORS AND MANAGEMENT

Board of Directors

- 4.1 The business and affairs of the JVC shall (subject to the Shareholders Matters set out in clause 4.9) be managed by the Board. The Board shall consist of four (4) persons of which:

(a) A shall be entitled to appoint and maintain in office two (2) Directors (and to remove any Directors so appointed from office and to appoint another in the place of any Director so removed) and one observer; and

(b) B shall be entitled to appoint and maintain in office two (2) Directors (and to remove any Director so appointed from office and to appoint another in the place of any Director so removed).

Appointments and removals

- 4.2 Every appointment and removal by A or B of a Director pursuant to its entitlement shall be notified in writing to the other party and the Secretary of the JVC if available. A and B shall each use their respective votes in the JVC to ensure that the Board is constituted by persons appointed in the manner set out in this Agreement.

Quorum of Board Meetings

- 4.3 The quorum for the transaction of business at any meeting of the Board shall be at least one (1) A Director (or his alternate) and at least one (1) B Director (or his alternate) present either in person or through video conference as permitted by the applicable Indian corporate laws at the time when the relevant business is transacted.

Voting

- 4.4 At any meeting of the Board, each Director shall be entitled to one vote. Any Director who is absent from any meeting may nominate any other person to act as his alternate and to vote in his place at the meeting. The Chairman shall be nominated from among the directors present at the initial meeting of the Board. The Chairman shall be appointed for the first year by A, for the second year by B, and thereafter shall rotate between A and B on an annual basis.

Notice and Agenda

- 4.5 At least [7 days] written notice shall be given to each of the members of the Board of any meeting of the Board, provided always that a shorter period of notice may be given with the written approval of [at least one (1) A Director and at least one (1) B Director]. Any such notice shall contain, *inter alia*, an agenda identifying in reasonable detail the matters to be discussed at the meeting and shall be accompanied by copies of any relevant papers to be discussed at the meeting.

Decisions of Board binding upon the parties

- 4.6 A and B agree to accept as binding upon them any decision affecting the JVC, and/or the relationship of the JVC with A or B (as the case may be), duly taken by the Board of the JVC in which their respective nominated Directors (or their alternates) have concurred EXCEPT THAT the Shareholder Matters covered by clause 4 shall require the prior approval of the parties as shareholders.

Circular Resolution

- 4.7 The Parties agree that, subject to applicable Indian corporate laws and except for the resolutions required to be passed at a Board or a Shareholders' meeting, resolutions may be passed by circular resolution. A resolution by circulation shall be as valid and effectual as a resolution duly passed at a Board meeting called and held, provided it has been circulated in draft form, together with the relevant papers, if any, to all the Directors and has been approved by all the Directors entitled to vote thereon. If all the Directors do not approve the said resolution, the same shall be treated as a Shareholder Deadlock and shall be resolved in accordance with Clause 9 of this Agreement.

General Meetings of Shareholders

- 4.8 Quorum for general meetings of Shareholders

The quorum at any general meeting of the JVC shall be two shareholders, one being the nominee of A and the other being the nominee of B.

No business shall be transacted by any general meeting unless a quorum is present at the commencement of the meeting and also when that business is voted on.

4.9 Adjournment of general meetings of Shareholders

If within thirty (30) minutes of the time appointed for holding a general meeting a quorum as specified in Clause 4.8 is not present then such general meeting shall be adjourned and reconvened at the same day in the next week, at the same time and place or such other place, date or time as the Board may decide.

At such adjourned general meeting, if there is no adequate quorum within thirty (30) minutes from the time appointed for the reconvened general meeting, the Shareholders present shall constitute a valid quorum and all resolutions (save and except the Shareholder Matters) shall be passed or decided at such adjourned general meeting by the Shareholder present and voting at such adjourned general meeting.

Voting on all matters to be considered at a General Meeting shall be by way of a poll.

4.10 The management team of the JVC shall be jointly selected by the Board and the roles and responsibilities of each member of the management team shall also be jointly defined by the Board.

4.11 The JVC shall reimburse each of the Directors all expenses, which are reasonably and properly incurred by such Directors in relation to the Business, and which are approved by all the Shareholders.

4.12 Each of the Shareholders undertakes to each of the other Shareholders that it shall not grant any encumbrance over any of its Shares in the capital of the JVC (or enter into an agreement to do so) unless the Shareholders agree in writing to such Shares becoming subject to such Encumbrance.

4.13 Matters requiring shareholders approval

All such matters as provided under the Companies Act 2013 to be approved by shareholders in the general meeting of the shareholders.

Method of approval

4.14 Approval for the purposes of clause 4.13 may be given by A and B either in writing or by unanimous resolution at a general meeting of the shareholders of the JVC or by written resolution.

Subsidiaries

4.15 The provisions of clause 4.14 shall apply equally to any matters undertaken by a subsidiary of the JVC as if references therein to the JVC included any such subsidiary.

5. CONDUCT OF THE BUSINESS

5.1 Each Shareholder shall fulfil its roles and responsibilities as identified below:

Responsibility for each activity to be assigned to either Party as mentioned in the appropriate box in the below table :

Activity	Responsibility	
	A	B
Infrastructure built up	√	
All the administration and management of the JVC	√	
Supply of Kits and Methods development		√
Supply of technical know how		√
Training to the JV employees		√
Qualification/Calibration for Equipment	√	
Recruitment of staff	√	
Business development activity	√	√
Market access development	√	
Scientific sales support		√
Appointment of management team of the JVC	√	√
Technology transfer, kit development and supply and process quality control		√

- 5.2 Each Shareholder shall use all reasonable endeavours to promote and develop the Business to the best advantage of the JVC.
- 5.3 Each Shareholder undertakes to the other Shareholder to ensure that at all times:
- 5.3.1 it shall use its best endeavours to maximise the profits generated by the JVC;
- 5.3.2 it shall not, directly or indirectly, take any action, or cause or permit anything to be done in bad faith, that could distort the performance of the JVC, or with the purpose of avoiding or reducing the amount of any property or other assets of the JVC;
- 5.3.3 it shall not cause or permit the JVC to cease to carry on all or a material part of its Business;
- 5.3.4 it shall not (and shall not permit any entity to) divert or redirect any trading, business opportunities or revenues or any customer, client or supplier away from the JVC, or establish, acquire or develop any business that competes with or is similar to the Business. Provided that each of A and B shall be entitled to continue any activities and discharge obligations under agreements entered into prior to the date hereof.
- 5.4 B shall provide an upfront discount to the JVC of 35% on the agreed list price for the different assays mentioned in Schedule B of the Technology License Agreement and Schedule A of Product Sales Agreement dated _____, 2021. If any TDS is applicable, it shall be borne by the JVC by grossing up the effective post discount price in the final invoice. In case B is able to recover or get rebate or benefit for this TDS in Canada, B shall repay/reimburse the amount of TDS to JVC. B shall be entitled to recover this discount upon a winding up of the JVC in accordance with Clause 9.8
- 5.5 Subject to the provisions of this Agreement, either A or B individually or through its Affiliates, directly or indirectly, shall conduct all the activities related to the Business of the JVC solely

through the JVC. Each of A and B shall not solicit any employee or client of the JVC until such time as they no longer remain shareholders of the JVC. B shall not carry on any supply of [] kits in India and any other territory in Asia in which the JVC carries on, or is prepared to carry on, the Business in India and any other territory in Asia except through the JVC. A and B shall refer all enquiries from customers or potential customers in India and/or any other territory of Asia, to the JVC to enable the JVC to pitch for full scope services to the client rather than just kit supply. However, if the eventual requirement of the customer is only for kit supply outside of India, then B may do so directly but at a price no lower than the price that would be applicable to supplies made by B to the JVC. Notwithstanding the foregoing, the parties acknowledge and agree that B has existing contractual obligations to supply kits to India that pre-date the formation of this Agreement (**Pre-Existing Contracts**). Nothing in this Agreement shall be construed as restricting or interfering with B's ability to fulfil its obligations under the Pre-Existing Contracts. B acknowledges and agrees that the present scope and duration of the Pre-Existing Contracts will not be expanded.

B agrees to provide the data of those pre existing contract to define the base line of contracts showing quantity, timelines of execution, etc. after signing of JVC agreement. However B agrees to allow the JVC to audit future contracts of Somru's Asian client.

- 5.6 Each of A and B undertake that if, during the term of this Agreement, it, or any of its Affiliates, employees or agents working on its behalf, becomes or is the subject of any investigation or proceeding under any anti-corruption law, it shall immediately notify the other Party.
- 5.7 B shall not, at any time, transfer to any other person, [kits or methods] at a price lower than that at which it supplies the same to the JVC, unless such price is stipulated in an agreement that pre-dates the formation of this Agreement. B agrees that the benefit of the existing contract for supply of kits to Vietnam or any Asian Countries ("Existing Kit Supply Arrangement") will be assigned to the JVC, provided the assignment is tax-neutral for B, as determined by B in its sole discretion.

All kit or method supplies in India will be managed by the JVC unless specifically agreed to otherwise. For all enquiries relating to supply of kits or methods to Asian clients other than India, excepting under Pre-Existing Contracts, whether received by the JVC or by Somru directly, the enquiry will be shared with the JVC and a joint determination will be made with the client about the possibility of converting the enquiry for kits or method supply into a complete bioanalytical services offering. If this is agreeable to the client, the services offering will be managed by the JVC. If the enquiry remains one for kits supply only, then the supply would be made directly by B, unless specifically agreed to otherwise.

If the inquiry remains only for Methods, JVC board to determine and decide about the party who shall supply the methods to the client and the terms of the supply.

The definition of Technology would be the same as defined in the Technology Licence Agreement dated _____, 2021

6. BUSINESS PLAN

- 6.1 The Business Plan is an annual business plan for the JVC prepared by the management team and approved by the Board and it shall include in relation to the Financial Year to which it relates:

- 6.1.1 a cash flow statement giving:
 - 6.1.1.1 an estimate of the working capital requirements ; and
 - 6.1.1.2 an indication of the amount (if any) that it is considered prudent to retain, for the purpose of meeting those requirements, out of those profits of the previous Financial Year that are available for distribution to Shareholders;
 - 6.1.2 a projected profit and loss account;
 - 6.1.3 an operating budget (including capital expenditure requirements) and balance sheet forecast based on the requirements of the business;
 - 6.1.4 a management report giving business objectives for the next Financial Year; and
 - 6.1.5 a financial report which shall include an analysis of the estimated results of the JVC for the previous Financial Year compared with the Business Plan for that year, identifying variations in sales, revenues, costs and other material items.
- 6.2 The Business Plan for the Financial Year ended 31 March 2022 in the form supplied to the Board shall be agreed and adopted by the parties as a condition subsequent within 60 days of the completion. Till such time the plan appended in the Annexure I will be the guiding plan for the base business plan.
- 6.3 The Business Plan for every other Financial Year shall be:
- 6.3.1 prepared by the Board at least 30 days before the end of the preceding Financial Year; and
 - 6.3.2 adopted and approved by all the Board in writing as soon as possible after it has been prepared.
- 6.4 Below matters shall be approved by the board of directors with majority:
- a) sale of the whole or any substantial part of the JVC;
 - b) approval of the annual budget and operating plan and Business Plan of the JVC or amendment of the Business Plan of the JV, including any additional borrowings over the amounts in the Business Plan;
 - c) Entering into, modification or termination of any transaction between the JVC and its related parties; and any loan taken or repayment including interest by the JVC by a member of the A Group or the B Group;
 - d) the commencement, settlement or abandonment of litigation or settlement of any material arbitration or admission of liability by the JVC involving a dispute in excess of INR 1 Mn. (other than a claim against a member of the A Group or a member of the B Group unrelated to the activities of the JVC);
 - e) Establishment of any bonus, profit sharing, and declaration of dividends, share option, ESOPs or other incentive scheme for directors and/or employees, or the variation of the terms of any such scheme beyond what is agreed in the Business Plan;
 - f) Appointment, termination or determination of the compensation of the CEO, Managing Director, President, COO and CFO, or anyone acting in those capacities.

7. ACCOUNTING AND OTHER INFORMATION

- 7.1** JVC at all times, maintains accurate and complete accounting and other financial records including all corporation tax computations and related documents and correspondence with Inland Revenue Department in accordance with the requirements of all applicable Indian laws (including all the necessary secretarial and corporate compliances) and generally accepted accounting principles applicable in India.
- 7.2** Each of the Shareholders and their respective authorised representatives shall each be allowed access at all reasonable times to examine the books and records of the JVC.
- 7.3** The Shareholders shall ensure that the JVC supply each of the Shareholders with the financial and other information necessary to keep the Shareholders informed about how effectively the Business is performing in the JVC and in particular shall supply the Shareholders with:
- 7.3.1** a copy of each Financial Year's Business Plan for approval;
 - 7.3.2** a copy of the audited accounts of the JVC prepared in accordance with the laws applicable in and the accounting standards, principles and practices generally accepted in India, within six months of the end of the year to which the audited accounts relate;
 - 7.3.3** Quarterly management accounts of the JVC to be supplied within twenty days of the end of the period to which they relate and which shall include a profit and loss account, a balance sheet and a cash flow statement and such other information as each of the Shareholders may reasonably require;
 - 7.3.4** a copy of a report prepared by the JVC in respect of each Financial Year, demonstrating the implementation by the JVC of adequate procedures, such report to be provided within sixty days of the end of the Financial Year to which it relates; and
 - 7.3.5** such other financial information and documents that each of the Shareholders may request in writing.
- 7.4** The Shareholders shall ensure that the JVC, as soon as possible, comply with any request made by any of the Shareholders, to provide any documents, information and correspondence necessary (at the cost of the party making the request) to enable the relevant Party to comply with filing, elections, returns or any other requirements of any revenue or tax authority.

8. DISTRIBUTION

- 8.1** Notwithstanding anything to the contrary as may be contained in the this Agreement, subject to approval of the Shareholders, the Board shall, out of the cash available from the profits of the JVC, utilize all the net profit arrived at in any form including reinvestment in the JVC, for further growth, dividends, share buy-back, capital reduction, repayment of loans, etc.
- 8.2** Any distribution shall first be undertaken by (i) way of payment of dividend (ii) buyback of equity shares held by A and/or B so that A and B are paid equal amounts towards such distributions. In the event of such buy back, , parties needs to ensure that the share holding proportion of A and B does not change as a result of such distribution.

9. TRANSFER OF SHARES

- 9.1 None of the Shareholders shall create any encumbrance over, transfer or otherwise dispose of or give any person any rights in or over any share or interest in any Shares in the JVC unless it is permitted or required under this Agreement and is carried out in accordance with the terms of this Agreement. Transfer of any Shares by any Shareholder must comply with the provisions of this Clause 9 and the JVC shall not record or register any transfer that does not satisfy the provisions of this Clause 9. Any attempt by any Shareholder to transfer its Ordinary Shares in contravention of the provisions contained herein shall be considered void and invalid.
- 9.2 Any Shareholder may do anything prohibited by this Clause if all the Shareholders have consented to it in writing.
- 9.3 The Shareholders hereby confirm that no transfer of Ordinary Shares shall be registered by the Board unless the transferee of such Ordinary Shares has executed and delivered a Deed of Adherence in agreed form as per Annexure 2.

Permitted Transfers

- 9.4 Notwithstanding anything to the contrary as may be stated in this Agreement, a Shareholder may, at any time, transfer all (but not some only) of its Ordinary Shares in the JVC to an Affiliate without adhering to the provisions of Clause 9.4 to Clause 9.7 hereof.
- 9.5 If a Transfer has been made to an Affiliate, that Affiliate shall within five (5) Business Days of ceasing to be an Affiliate, transfer all of the Ordinary Shares held by it in the JVC to:
- (a) the Shareholder from whom it received those Ordinary Shares; or
 - (b) another Affiliate of the Shareholder as may be specified by such Shareholder.

The Shareholder shall ensure that any transferee Affiliate executes the Deed of Adherence and agree to be bound by the terms of this Agreement.

- 9.6 Notwithstanding anything contained herein, neither party shall directly or indirectly, sell, pledge or otherwise transfer or grant options on any of the Ordinary Shares held by them in the JVC to a Competitor and/or to any of the Affiliates of such Competitor, save and except with the mutual consent of the Parties in writing. **Competitor** means any person engaged in a business that is the same as, similar to, or competes with the business of A, B and/or the JVC.
- 9.7 Neither A or B (nor any member of its respective Group) shall deal or attempt to deal with the beneficial interest in any share of the JVC except by transfer of its shareholdings permitted in accordance with this Article 9.
- 9.8 In the event that any of A or B (the **Defaulting Party**):
- (i) commits any breach of its obligations under this Agreement and such breach is not cured within 30 days notice by the other party; or
 - (ii) undergoes any insolvency or bankruptcy;

then without prejudice to its other rights: (A) the non-defaulting Party shall be entitled to purchase all the shares held by the Defaulting Party in the JVC at a price equal to an [50] % discount to the fair market value of the shares of the Defaulting Party, determined in the manner outlined below. Further, if A is the Defaulting Party, B shall be entitled to recoup the upfront [35]% discount provided after reduction of TDS if deducted earlier while making payment by JVC on the cost per method.

For the purposes of this Agreement, a default under the Technology Supply and License Agreement entered into amongst B and the JVC dated _____, 2021 shall constitute a default under this Agreement.

9.9 Valuation

9.9.1 In the event a default pursuant to Clause 9.8 requires a determination of the fair market value of the shares of the JVC, or for any other reason, the JVC shall appoint the Statutory Auditors as Valuer within 7 Business Days.

9.9.2 The JVC shall provide the Valuer with such assistance and documents as the Valuer reasonably requires for the purpose of reaching a decision, subject to the Valuer agreeing to give such confidentiality undertakings as the Shareholders may reasonably require.

9.9.3 The Valuer shall determine the fair market value of the Ordinary Shares of the JVC within 30 Business Days of their appointment.

9.9.4 The Valuer shall act as expert and not as arbitrator and their written determination of the fair market value of the shares shall be final and binding on the Shareholders.

9.9.5 All costs and fees of the Valuer shall be borne by the JVC.

10. DEADLOCK RESOLUTION

10.1 Deadlock

There is a "**Shareholder Deadlock**" if any one Director or Shareholder votes for any of the matters of the JVC, including Shareholders Matters as described in Clause 4.9, whether in a meeting of the Board or a general meeting of the Shareholders or meeting by circular resolution, as the case may be, and the other Director or Shareholder votes against such matter, resulting in an impasse which the Shareholders are unable to resolve. Such Shareholder Deadlock should be recorded in writing. If a Shareholder Deadlock arises, then the parties shall use all reasonable endeavours to resolve the matter amicably. If one Shareholder gives the other notice that a dispute has arisen and the Shareholders are unable to resolve the dispute within thirty (30) days of service of the notice, then the dispute shall be referred to board of directors of each of A and B. For greater certainty, the parties acknowledge and agree that a change of control of either of A or B, which materially impacts the business and functioning of the JVC, shall constitute a Shareholder Deadlock under this Agreement. For this purpose, "**material impact**" means the ability of the Company to carry on its business being restricted as a result of such change of control and thereby causing a material adverse impact on the Company.

If the Shareholder Deadlock cannot be resolved by the board of directors of A and B within 30 days, then the parties shall proceed to Clause 10.2

10.2 Resolution of Deadlock

At any time after the expiry of the timelines set out in Clause 10.1, either A or B (the **Offeror**) may give an offer in writing (the **Offer**) to the other of them (the **Offeree**) to purchase for cash all of the Shares owned by the Offeree as specified in the Offer. Within 30 days after receiving the Offer (the **Acceptance Period**), the Offeree shall give notice to the Offeror that it accepts the Offer; or it elects to purchase at the price per Share specified in the Offer all of the Shares of the Offeror.

If the Offeree fails to give a notice as required by this Clause within the Acceptance Period, it shall be deemed to have accepted the offer of the Offeror to purchase all of its Shares on the last day of the Acceptance Period.

Upon the notices being given or being deemed to be given, a binding agreement shall be constituted between the parties.

However if there is no offer from either of Parties within 90 days of the Deadlock, either Party may initiate a third party sale process ("**Third Party Sale**") whereby all the shares of the JVC are sold to a third party at the highest price possible through an independently run sale process through a mutually agreed investment banker of repute. The floor price for such Third Party Sale shall be a 15% discount to the fair value of shares, as determined under clause 9.9 ("**Floor Price**").

If within 180 days of initiating this process, the Parties are unsuccessful in a Third Party Sale, the JVC shall be wound up, unless both parties explicitly agree not to wind up the JV.

10.3 Closing

10.3.1 On the closing date for any sale and purchase of Shares referred to in this Clause 10, which date shall be set out in the Offer (the **Closing Date**), the JVC shall repay any indebtedness which is then outstanding to the selling Shareholder or any Affiliate thereof.

10.3.2 The price for the Shares transferred in accordance with this Clause 10 shall be paid on the Closing Date by the buying Shareholder (**Buyer**) delivering to the selling Shareholder (**Seller**) as follows:

(a) the Buyer shall pay to the Seller thirty percent (30%) of the purchase price in cash or certified funds; and

(b) the Buyer shall deliver to the Seller a promissory note in a principal amount equal to any balance owed on the purchase price. The note shall be payable in equal monthly instalments of principal and interest amortized and payable over six (6) months with interest calculated at the prime rate of interest charged by the JVC's bankers in effect on the Closing Date. The note shall further provide that on default of full payment of any instalment of principal or interest, when due, the whole of the balance outstanding shall, at the option of the Seller, immediately become due and payable. The note shall further provide that as long as the maker thereof is not in default of any payment of principal due under the note, such maker shall have the privilege of prepaying all or any part of the principal balance outstanding at any time without notice. The note shall be secured by a hypothecation of the Shares transferred from the Seller to the Buyer.

10.3.3 Until the unpaid balance of any note has been paid in full, the Buyer will not sell, transfer, assign, charge, hypothecate or otherwise dispose of, encumber or in any manner deal with the Shares purchased from the Seller. The Buyer agrees that until its note is paid in full, it will pay to the Seller, upon receipt, all dividends received by it on account of the Shares purchased from the Seller, and the amount of such dividends shall be applied in reduction of the unpaid balance of the Buyer's note.

10.3.4 The entire unpaid principal balance of the note, shall become immediately due and payable upon the happening of any of the following:

- (a) the JVC commencing to wind up;
- (b) sale by the JVC of substantially all its assets; or
- (c) the JVC becoming controlled by one or more persons or corporations who are not parties to this Agreement, whether by amalgamation or otherwise.

10.3.5 The parties hereby acknowledge and agree that any intellectual property developed by the JVC that constitutes an improvement or derivative of intellectual property of B existing as of the date of this Agreement (**Foreground IP**) shall be owned by the JVC.

11. PRE-EMPTIVE RIGHTS

- 11.1** Subject to the provisions of this Agreement, the Shareholders shall have a pre-emptive right of subscription (**Pre-Emptive Right**) in the event that the JVC proposes to undertake any issuance of any security other than (i) pursuant to any ESOP or any other stock option plan approved by the Board; (ii) any security actually issued upon the exercise of options or upon the conversion or exchange of convertible securities, in each case provided such issuance is pursuant to the terms of such option, convertible security or warrant; (iii) any security issued in an initial public offer; (v) any security issued pursuant to a capital restructuring such as a merger, amalgamation, acquisition, (an **Issuance**). A Shareholder shall be entitled to apportion the Pre-Emptive Right hereby granted it among itself and its Affiliates in such proportions as it deems appropriate.
- 11.2** If undertaking an Issuance, the JVC shall issue a written notice to the Shareholders (**Issuance Notice**) setting forth in detail (a) the terms of the proposed issuance, including the proposed issuance price (**Issuance Price**), (b) the date of closing of the proposed issuance (which shall not be less than 15 (fifteen) days from the date of receipt of the Issuance Notice) and (c) the number of securities proposed to be issued (the **New Securities**).
- 11.3** If a Shareholder wishes to exercise its Pre-emptive Right, then within 15 (fifteen) Business Days from the delivery of the Issuance Notice, it/ he shall deliver a written notice to the JVC, communicating its/ his intention to subscribe, at the price and on the terms specified in the Issuance Notice, up to that portion of such New Securities that equals the proportion that the number of Ordinary Shares held by such Shareholder bears to the total number of Equity Securities then outstanding. In the event that a Shareholder (a **Non-Participating Shareholder**) is unable to, or does not, for any reason whatsoever, (i) subscribe to its entitlement of the Issuance; and / or (ii) respond within 15 (fifteen) Business Days from the delivery of Issuance Notice, then the other Shareholders (each a Participating Shareholder) shall be entitled, by issue of a notice to the JVC and the Non-Participating Shareholder, to subscribe either directly or through any of their Affiliates

to the unsubscribed securities of the Issuance in proportion to their shareholding in the JVC. In such case, the shareholding of the Non-Participating Shareholder in the JVC shall stand diluted to the extent mentioned above.

12. ANNOUNCEMENTS

- 12.1** None of the Parties shall make, or permit any person to make, any public announcement, communication or circular ("**Announcement**") concerning this Agreement without the prior written consent of the other Parties (such consent not to be unreasonably withheld or delayed). Those Parties shall consult together on the timing, contents and manner of release of any Announcement.
- 12.2** Where an Announcement is required by applicable law or any governmental or regulatory authority (including, without limitation, any relevant securities exchange), or by any court or other authority of competent jurisdiction, the Party or Parties required to make the Announcement shall promptly notify the other Parties. The Party or Parties concerned shall make all reasonable attempts to agree the contents of the Announcement before making it.

13. WARRANTIES

- 13.1** Each Party to this Agreement warrants and represents to each other, on the date of this Agreement and on the Completion Date that the JVC shall, subject to passing the Resolutions, be entitled to allot the relevant Ordinary Shares to each of the Shareholders on the terms of this Agreement, without the consent of any other person.
- 13.2** Each Party to this Agreement warrants and represents to each of the other Parties to this Agreement that:
- 13.2.1** it is a corporation duly organised and validly existing under the applicable laws of the jurisdiction of its organisation or incorporation;
 - 13.2.2** it has full power and authority and has obtained all necessary authorities and consents to enter into and perform its obligations under this Agreement and such other agreements and arrangements referred to in this agreement;
 - 13.2.3** the signing of this Agreement and the arrangements referred to in it will not result in a breach of any other agreement or arrangement to which it is a party, nor give rise to any right of termination of any other agreement or arrangement to which it is a party;
 - 13.2.4** there is no impediment on it entering into this Agreement (and any documents referred to in it) nor any restriction of any kind whatsoever, which may prevent it from performing any of its obligations or commitments set out in this agreement (and any documents referred to in it); and
 - 13.2.5** the execution, delivery and performance of this Agreement, and the consummation of the transactions contemplated thereby, will not: (a) violate any provision of the respective charter documents; or (b) violate any court order, writ, injunction or decree of any court or governmental instrumentality against, or binding upon, each Party or upon its respective securities, properties or businesses or (c) contravene any provision of any applicable law.

14. FURTHER ASSURANCE

Without prejudice to Clause 2, at its own expense, each Party shall, and shall use all reasonable endeavours to procure that any necessary third party shall, promptly execute and deliver such documents and perform such acts as any other Party may reasonably require from time to time for the purpose of giving full effect to this agreement.

15. SEVERANCE

Any provision in this Agreement, which is or may become prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this agreement or affecting the validity or enforceability of such provision in the same or any other jurisdiction. Without prejudice to the foregoing, the Parties will immediately negotiate in good faith to replace such provision with a proviso, which is not prohibited or unenforceable and has, as far as possible, the same legal and commercial effect as that which it replaces.

16. CONFIDENTIALITY

16.1 Each of the parties shall at all times use all reasonable endeavours to keep confidential (and to ensure that its employees and agents shall keep confidential) any confidential information which it may acquire in relation to the JVC and its subsidiaries or in relation to the clients, business or affairs of the other party (or any member of its respective Group) and shall not use or disclose such information except with the consent of the other party or, in the case of information relating to the JVC or one of its subsidiaries, in the ordinary course of advancing the Business. The restriction in this clause 16.1 shall not apply to any information:

- (a) which is publicly available or becomes publicly available through no act of the first mentioned party;
- (b) which was in the possession of that party prior to its disclosure;
- (c) which is disclosed to that party by a third party which did not acquire the information under an obligation of confidentiality;
- (d) which is independently acquired by that party as the result of work carried out by an employee to whom no disclosure of such information had been made;
- (e) which is disclosed in accordance with the requirements of law, any stock exchange regulation or any binding judgment, order or requirement of any court or other competent authority.

Employees, agents etc.

16.2 Each party shall use all its respective powers to ensure (so far as it is able) that the JVC [and its subsidiaries] shall use all reasonable endeavours to ensure that the officers, employees and agents of each of them shall observe a similar obligation of confidence in favour of the parties to this Agreement.

Survival after termination

16.3 The provisions of this clause 16 shall survive any termination of this Agreement.

17. RESTRICTIONS

17.1 Neither A nor B nor any member of its respective Group shall (either solely or jointly with any other person, firm or company and whether directly or indirectly) carry on or be engaged in or interested (except as the holder for investment of securities dealt in on a stock exchange and not exceeding [5] per cent in nominal value of the securities of any class) in any Competing Business during the period of this Agreement. For this purpose **Competing Business** means any *business* that competes with the business of the other Party or the JVC.

18. Term and Notice

This Agreement shall continue until terminated by the mutual agreement of the Parties.

19. Liquidation

19.1 Upon, or as soon as practicable after, the termination of this Agreement pursuant to a notice under clause 18, the parties shall use their respective powers and votes to cause the JVC to be placed in liquidation. The parties shall co-operate to ensure that all contracts entered into by the JVC (or any subsidiary thereof) prior to such termination shall be duly completed subject to such arrangements as the parties may mutually agree.

19.2 The parties hereby acknowledge and agree that upon the liquidation of the JVC, the improvement made to the Foreground IP shall be transferred to A and B, and the parties hereby covenants and agrees to execute all documents as may be reasonably required to give effect to this Clause.

20. SUPREMACY OF THIS AGREEMENT

A and B shall each use their respective votes in the JVC and all other means at their disposal so as (a) to ensure that this Agreement is duly performed and (b) to ensure that the provisions of the Memorandum and the Articles are not infringed (save that, in the event of any conflict between this Agreement and the Memorandum and the Articles, this Agreement shall prevail as between the parties).

21. COSTS

The costs of and incidental to the incorporation of the JVC shall be borne and paid by the JVC. The costs of each of the parties incurred in the preparation and execution of this Agreement shall be borne by such party.

22. NO PARTNERSHIP OR AGENCY

Nothing in this Agreement shall be deemed to constitute a partnership between the parties or constitute either party the agent of the other party for any purpose or entitle either party to commit or bind the other party (or any member of its respective Group) in any manner.

23. ENTIRE AGREEMENT

This Agreement and *any other Agreements entered into on Completion pursuant to clause 2*, sets out the entire agreement and understanding between the parties with respect to the subject matter hereof. [This Agreement supersedes [the Confidentiality Undertaking/any Heads of Agreement or Memorandum of Understanding], which shall cease to have any further force or effect.] It is agreed that:

- (a) neither party has entered into this Agreement in reliance upon any representation, warranty or undertaking of the other party which is not expressly set out or referred to in this Agreement;
- (b) no party shall have any claim or remedy in respect of misrepresentation (whether negligent or otherwise) or untrue statement made by the other party;
- (c) this clause shall not exclude any liability for fraudulent misrepresentation.

24. MUTUAL CONSULTATION AND GOODWILL

The parties confirm their intention to promote the best interests of the JVC and to consult fully on all matters materially affecting the development of the Business. Each party shall act in good faith towards the other party in order to promote the success of the JVC.

25. NOTICES

Any notice pursuant to this Agreement shall be in writing signed by (or by some person duly authorised by) the person giving it and may be served by leaving it or sending it by facsimile/electronic mail, prepaid recorded delivery or registered post to the address of the other party as follows (or to such other address as shall have been duly notified in accordance with this clause). All such notices shall be effective upon receipt.

The details for notices are:

A: VEEDA CLINICAL RESEARCH PRIVATE LIMITED,
2nd Floor, Shivalik Plaza-A, IIM Road, Ambawadi, Ahmedabad 380015, India
Fax/Email: ajay.tandon@veedacr.com
Attention: Mr. Ajay Tandon

B: SOMRU BIOSCIENCE INC.
19, Innovation Way, Biocommons Research Park,
Charlottetown, Prince Edward Island, C1E 0B7, Canada
Fax/Email: moin@somrubioscience.com
Attention: Mr. Mohammed Moin

26. ASSIGNMENT

Neither of the parties (nor any member of its respective Group) shall be entitled to assign this Agreement or any of its rights or obligations hereunder except to a transferee of that party's shares in the JVC in accordance with clause 6 of this Agreement.

27. CONDITIONS PRECEDENT

- 27.1** Completion under clause 2 shall be conditional upon each of the following conditions having first been satisfied or waived:
- (a) Execution of the agreements specified at clause 2.3(d);
 - (b) KYC from both the parties
 - (c) Resolution of authority to execute all the agreements including this agreement
- 27.2** Each party shall use all reasonable endeavours to procure that the Conditions Precedent are fulfilled as soon as possible. If they shall not have been fulfilled (or waived) by 1st April 2021, this Agreement

(other than the provisions of clause 16 (*Confidentiality*)) shall, unless otherwise agreed, thereupon automatically cease and terminate and neither party shall have any claim of any nature whatsoever against the other party.

28. GOOD BUSINESS PRACTICES AND CODE OF CONDUCT

- 28.1 Each Party acknowledges that the other Party has corporate policies that require that their business be conducted in accordance with applicable laws. By signing this Agreement each Party agrees to conduct its business practices in accordance with the matters contemplated by this Clause 28.
- 28.2 Each Party represents that neither it has ever made, offered, provided or authorized, and covenants and undertakes that neither it will make, offer, provide or authorize, directly or indirectly, any payment or transfer of anything of value to any official, representative or employee of any government agency or instrumentality, any political party or officer thereof, or any candidate for public office for the purpose of influencing a decision by any of them in their official capacity. Each Party further represents that no officer, director, partner, owner, principal, employee or agent of it is an official or employee of a governmental agency or instrumentality or a government owned company, in a position to influence action or a decision regarding its activities contemplated in this Agreement.
- 28.3 Each Party undertakes that if, during the term of this Agreement, it, or any of its Affiliates, employees or agents working on its behalf, becomes or is the subject of any investigation or proceeding under any anti-corruption law, it shall immediately notify the other Party.
- 28.4 The Parties acknowledge that their failure to abide by the provisions of this Clause 28 shall be deemed a material breach of this Agreement, whereby the non-breaching Party may, in such case, immediately terminate this Agreement by written notice.

29. GOVERNING LAW, JURISDICTION, DISPUTE RESOLUTION

- 29.1 This Agreement and all disputes relating hereto shall be governed and construed by English laws
- 29.2 If any dispute between A and B arises in connection with this Agreement or any associated agreement entered into pursuant to this Agreement, A and B shall use all reasonable endeavors to resolve the matter amicably. If one Shareholder gives the other notice that a dispute has arisen and the Shareholders are unable to resolve the dispute within thirty (30) days of service of the notice, then the dispute shall be referred to the Arbitrator. This shall not affect either A or B's right, where appropriate, to seek an immediate remedy for an injunction, specific performance or similar court order to enforce the obligations of the other.
- 29.3 Subject to the above, any dispute shall be finally settled by binding arbitration under the LCIA Arbitration Rules as amended from time to time, in effect at the time of such arbitration and which rules are deemed to be incorporated by reference into this Clause. The number of arbitrators shall be three (3) and the Shareholders shall each appoint an arbitrator. The two appointed arbitrators will then jointly appoint a third arbitrator who shall act as chairperson. The seat of the arbitration shall be London, England, while the venue of arbitration will be Ahmedabad, India. The language of the arbitration shall be English.

- 29.4 The award of the arbitral tribunal shall be final and conclusive and binding upon the Parties, and the Parties shall be entitled (but not obliged) to enter judgment thereon in any one or more of the highest courts having jurisdiction. The Parties agree that neither Party shall seek to resist the enforcement of any award. The Parties further agree that the arbitrator shall also have the power to decide on the costs and reasonable expenses (including reasonable fees of its counsel) incurred in the arbitration and award interest upto the date of the payment of the award.
- 29.5 When any Dispute is referred to arbitration, except for the matters under dispute, the Parties shall continue to exercise their remaining respective rights and fulfill their remaining respective obligations under this Agreement.
- 29.6 The provisions of this Clause shall survive the termination of this Agreement.

IN WITNESS WHEREOF this Agreement has been signed by the Parties or their respective authorized signatories on the day and year first before written.

Signed by Mr. Ajay Tandon for
and on behalf of A



in the presence of:



Signed by Mr. Mohammed Moin
for and on behalf of B



in the presence of:

