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U.S. Bankruptcy Court
District of New Jersey

UNITED STATES BANKRUPTCY COURT **DISTRICT OF NEW JERSEY**
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In re: NOSTRUM LABORATORIES, INC., Debtor.	Case No. 24-19611 (JKS) Chapter 11 Judge: Hon. John K. Sherwood

STIPULATED ORDER
POST-PETITION DEBTOR-IN-POSSESSION FINANCING

The relief set forth on the following pages, numbered two (2) through fourteen (14), is ORDERED.

DATED: April 17, 2025

Honorable John K. Sherwood
United States Bankruptcy Court

Nostrum Laboratories, Inc., debtor and debtor in possession (the **"Debtor"** or **"Nostrum"**) in the above-captioned chapter 11 case (the **"Chapter 11 Case"**), and Citizens Bank, N.A. (**"Citizens"**), by and through their undersigned counsel, stipulate and agree to the terms of this order (the **"Stipulated Order"**) as follows:

The Chapter 11 Case

1. On September 30, 2024 (the "Petition Date"), the Debtor filed a voluntary petition for relief (the **"Petition"**) under chapter 11 of title 11 of the United States Code (the **"Bankruptcy Code"**). On October 21, 2024, the United States Trustee appointed an Official Committee of Unsecured Creditors in this case (the **"Committee"**).

Citizens' Prepetition Loans

2. Prior to the Petition Date, Investors Bank, predecessor by merger to Citizens, extended three credit facilities to Nostrum: (a) a $5 million line of credit/term loan; (b) a $12 million revolving line of credit; and (c) a $5 million term loan (collectively, the **"Prepetition Loans"**).

3. Nostrum's obligations to Citizens for the Prepetition Loans are evidenced by, among other things, a Loan Agreement between Citizens, Borrower, Nostrum Pharmaceuticals, LLC (**"Pharma"**) and Nirmal Mulye (**"Mulye"**, and together with the Nostrum and Pharma, the **"Obligors"**), dated as of December 31, 2020 (as amended, modified, and/or supplemented from time to time, the **"Loan Agreement"**).

4. Nostrum's obligations to Citizens are further evidenced by, that certain (a) Line of Credit/Term Loan Note in the maximum amount of $5,000,000 by Nostrum, (b) Revolving Credit

Note in the maximum amount of $12,000,000, and (c) that certain Term Loan Note in the original principal amount of $5,000,000 (together, as the same may be amended, modified, supplemented and/or restated from time to time, the **"Notes"**).

5. Pursuant to that certain Security Agreement dated December 31, 2020 (the **"Security Agreement"**), Nostrum's obligations to Citizens for the Prepetition Loans are also secured by, among other things, a security interest in all of Nostrum's personal property, including without limitation, all accounts, chattel paper, deposit accounts, documents, general intangibles, goods, inventory, equipment, trademarks, contract rights, instruments, investment property, letter of credit rights, letters of credit, money, supporting obligations and proceeds and products of the foregoing (as more particularly described in the Security Agreement, the **"Collateral"**) as well as a pledge of certain bonds to Citizens.

6. The UCC-1 Financing Statement filed with the New Jersey Department of the Treasury on December 31, 2020 at Filing Number 54975457 (the **"UCC-1"**) evidences the perfection of Citizens' security interest in the Collateral.

7. The Loan Agreement, Notes, the Security Agreement and all other documents evidencing the obligations of Obligors to Citizens for the Prepetition Loans shall be hereinafter referred to as the **"Prepetition Credit Documents."**

8. By the above-described Prepetition Credit Documents, Citizens' liens extend to all of the Debtor's assets and all cash and cash proceeds thereof (the **"Cash Collateral"**).

Debtor's Post-Petition Use of Cash Collateral

9. On October 7, 2024, the Debtor filed *The Debtor's Motion on Short Notice for Entry of an Order (I) Authorizing the Debtor to Utilize Cash Collateral to Pay Prepetition Associate Wages, Salaries, Other Compensation and Reimbursable Associate Expenses, (II) Authorizing the Debtor to Utilize Cash Collateral to Make Prepetition Contributions to Non-Executive 401(K) Retirement Accounts; and (III) Granting Related Relief* [Dkt. No. 34] (the **"Cash Collateral Motion"**), seeking authority to use the Cash Collateral for certain specified purposes.

10. Since the Petition Date, the Court has entered a series of orders authorizing the use of Cash Collateral by the Debtor:

a. *Interim Order (I) Authorizing the Debtor to Utilize Cash Collateral to Pay Prepetition Associate Wages, Salaries, and Other Compensation, (II) Authorizing the Debtor to Utilize Cash Collateral to Satisfy Payroll Tax Obligations; and (III) Authorizing the Debtor to Utilize Cash Collateral to Make Prepetition Contributions to Non-Executive 401(K) Retirement Accounts; and (IV) Granting Related Relief* dated October 9, 2024 [Dkt. No. 44] (the **"Preliminary Interim Cash Collateral Order"**).

b. *Interim Order Authorizing the Debtor To (A) Utilize Cash Collateral To Pay Postpetition Associates Wages, Salaries, Other Compensation and Reimbursable Expenses, (B) Continue the Associate Benefits Programs, and (C) Continue To Pay Key Vendors; And (II) Granting Related Relief* dated October 18, 2024 [Dkt. No. 72] (the **"First Interim Cash Collateral Order"**);

c. *Second Interim Order (I) Authorizing the Debtor to Utilize Cash Collateral to (A) Pay Postpetition Associates' Wages, Salaries, Other Compensation and Reimbursable Expenses, (B) Continue the Associate Benefits Programs, and (C) Continue to Pay Key Vendors; and (II) Granting Related Relief* dated October 31, 2024 [Dkt. No. 100] (the **"Second Interim Cash Collateral Order"**);

d. *Third Interim Order (I) Authorizing the Debtor to Utilize Cash Collateral to (A) Pay Postpetition Associates' Wages, Salaries, Other Compensation and Reimbursable Expenses, (B) Continue the Associate Benefits Programs, and (C) Continue to Pay Key Vendors; and (II) Granting Related Relief* dated November 7, 2024 [Dkt. No. 130] (the **"Third Interim Cash Collateral Order"**); and

e. *Final Order (I) Authorizing the Debtor to Utilize Cash Collateral to (A) Pay Postpetition Associates' Wages, Salaries, Other Compensation and Reimbursable Expenses, (B) Continue the Associate Benefits Programs, and (C) Continue to Pay Key Vendors; and (II) Granting Related Relief* [Dkt. No. 186] dated December 11, 2024 (the **"Final Cash Collateral Order"**).

Capitalized terms used herein and not otherwise defined shall have the meaning set forth in the Final Cash Collateral Order.

The Sale Process

11. The Final Cash Collateral Order contemplated, among other thing, that the Debtor "would immediately commence a process to sell all or substantially all of its assets in a 363 Sale." *See* Final Cash Collateral Order ¶ 16(a).

12. On January 21, 2025, the Committee filed the Motion for an Order Authorizing the Committee to Market the Debtor's Assets for Sale in a Joint Capacity with the Debtor and Approving Bidding Procedures [Dkt. No. 229] (the **"Committee Bidding Procedures Motion"**).

13. On February 14, 2025, the Court entered an *Order Granting in Part and Denying in Part Motion of Official Committee of Unsecured Creditors for an Order Authorizing the Committee to Market the Debtors' Assets for Sale in a Joint Capacity with the Debtor and Approving Bidding Procedures* [Dkt. No. 268] (the **"Bidding Procedures Order"**), which granted the Committee Bidding Procedures Motion and set an outside closing date on the sale of any assets by April 18, 2025.

14. An auction was held on April 1, 2025, and, on April 4, 2025, the Debtor filed a motion to approve sales of the Debtor's assets to the successful bidders from the auction [Dkt. No. 337] (the **"Sale Motion"**).

15. On April 8, 2025, the Court held a hearing (the **"Sale Hearing"**) during which the Court approved the sale of substantially all of the Debtor's assets to (a) the successful bidders and (b) a new bidder, who submitted a higher and better bid at the hearing.

16. On April 15, 2025, Citizens was informed that the Debtor was unable to assure employees that the payroll due the week of April 18, 2025 would be made and, as a result, employees were threatening to quit. The Debtor has been operating on a skeleton crew and cannot afford to lose more employees prior to the consummation of the sales approved by the Court. Each of the asset purchase agreements that are the subject of the Sale Motion and Sale Hearing requires that a closing occur no later than April 18, 2025, which is imminent.

17. Should the sales not close by April 18, 2025, and such date has not been extended by agreement of the Debtor, the respective purchaser and Citizens, purchasers will have the ability to terminate the asset purchase agreements.

18. On April 15, 2025, Citizens filed an *Emergency Motion of Citizens Bank, N.A. for an Order (I) Designating an Officer of the Debtor to Complete the Sale Process, (II) Directing Nirmal Mulye to Cease Exercising Any Control or Authority of the Debtor, (III) Directing Nirmal Mulye to Cease Interference With the Sale Process, and (IV) Compelling the Debtor to Consummate the Sale of its Assets in Accordance with the Terms of the Applicable Asset Purchase Agreements and as Approved by the Court* [Dkt. No. 381] (the **"Emergency Motion"**) seeking, among other relief, disgorgement of the Enem Payment by Enem.

DIP Loan

23. So that the Debtor can make payroll and consummate each of the sales approved by the Court, Citizens is authorized to extend a post-petition loan facility in the aggregate amount of up to $235,000.00 (the "**DIP Loan**") with eight percent (8%) interest, which DIP Loan shall be deemed to be an advance under the Prepetition Credit Documents and subject to the terms thereof (all obligations of the Debtor to repay the DIP Loan, plus interest as set forth herein, shall be referred to herein as the "**DIP Obligations"**).

24. The term of the DIP Loan shall mature at the earliest of: (i) April 30, 2025, (ii) the Debtor's confirmation of a plan of reorganization; and (iii) the dismissal or conversion of this Chapter 11 Case; provided, however, that, in the event of the partial or complete disgorgement of

any payment made to Enem Nostrum Remedies Pvt. Ltd., the Debtor shall, within two (2) business days, pay down the DIP Loan by an amount equivalent to the disgorged Enem Payment.

25. The Debtor shall pay the April 18, 2025 payroll first from any cash on hand at any bank account maintained by the Debtor and then with the proceeds of the DIP Loan, and the Debtor may only spend the proceeds of the DIP Loan on payroll for the W-2 employees set forth on Exhibit A for the week of April 18, 2025. For avoidance of doubt, neither the Prepetition Collateral, the Postpetition Collateral nor the proceeds of the DIP Loan may be used to fund any payment to any insider of the Debtor absent the express written consent of Citizens.

26. Citizens' willingness to make the DIP Loan is conditioned upon, among other things: (a) the Debtor obtaining Court approval of the DIP Loan and the incurrence of the obligations thereunder, (b) Citizens being granted, subject to the Carve-Out, as security for the prompt payment of the DIP Loan and the DIP Obligations, valid, enforceable, non-avoidable and automatically perfected post-petition priming security interests in and liens on all Postpetition Collateral (the "**DIP Liens**"), which DIP Liens shall not be made subject to or pari passu with any lien or security interest by any court order heretofore or hereafter entered in the above-case or any Successor Case and shall be valid and enforceable against any trustee appointed in this Case, upon the conversion of this Case to a case under Chapter 7 of the Bankruptcy Code or in any Successor Case, or upon dismissal of this Case or any Successor Case, and which DIP Liens shall not be subject to sections 510, 549 or 550 of the Bankruptcy Code; and (c) Citizens being granted a claim under 11 U.S.C. § 364(c)(1) having priority over any or all administrative expenses of any kind specified in 11 U.S.C. §§ 503(b) or 507(b).

27. Insofar as Citizens is willing to extend the DIP Loan on an expedited basis, the Debtor believes that the DIP Loan provides it needed financing on the most favorable terms potentially available to it, warranting the granting of the DIP Liens and superpriority claims afforded to the DIP Loan hereunder.

28. Any credit extended, loans made, and other financial accommodations extended to the Debtor by Citizens, including, without limitation, pursuant to this Interim Order, have been extended, issued, or made, as the case may be, in "good faith" within the meaning of section 364(e) of the Bankruptcy Code and in express reliance upon the protections offered by section 364(e) of the Bankruptcy Code, and the DIP Loan, the DIP Liens, and the superpriority claims shall be entitled to the full protection of section 364(e) of the Bankruptcy Code.

29. Good cause has been shown for the entry of this Interim Order. The relief reflected herein is necessary, essential, and appropriate under the circumstances as its implementation will, among other things, provide the Debtor with the necessary liquidity to minimize disruption to the Debtor's operating business, on-going operations and other applicable activities and efforts, including the consummation of the Court-approved marketing and sale process, and (2) avoid immediate and irreparable harm to the Debtor, its creditors, its employees and its assets. The terms of the DIP Facility and this Interim Order are fair and reasonable, reflect the Debtor's exercise of its business judgment, and are supported by reasonably equivalent value and fair consideration. The DIP Loan and this Interim Order are the product of reasonable, arm's length, good faith negotiations between the Debtor and Citizens.

30. Except as expressly modified herein, all provisions of the Final Cash Collateral Order shall remain in full force and effect and all waivers set forth therein shall be incorporated herein as if set forth at length.

31. Notwithstanding anything in this Stipulated Order to the contrary, all relief granted herein regarding all persons to receive payment from the Debtor, including but not limited to Associate employees, executives, anyone engaged in the Debtor's employ as a 1099 employee, and all insiders, is limited to the statutory caps as set forth in sections 507(a)(4) and (a)(5) of the Bankruptcy Code.

32. In extending the DIP Loan, Citizens shall not be deemed to (i) be in control of the operations of the Debtor or to be acting as a "controlling person," "responsible person," or "owner or operator" with respect to the operation or management of the Debtor so long as the such party's actions do not constitute, within the meaning of 42 U.S.C. § 9601(20)(F), actual participation in the management or operational affairs of a facility owned or operated by a Debtor, or otherwise cause liability to arise to the federal or state government or the status of responsible person or managing agent to exist under applicable law (as such terms, or any similar terms, are used in the Internal Revenue Code, WARN Act, the United States Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601 et seq., as amended, or any similar federal or state statute) or (ii) owe any fiduciary duty to the Debtor. Furthermore, nothing in this Interim Order shall in any way be construed or interpreted to impose or allow the imposition upon the Secured Party, of any liability for any claims arising from the prepetition or postpetition

activities of the Debtor or any of its affiliates (as defined in section 101(2) of the Bankruptcy Code).

33. The Debtor, its officers and directors and the estate, on their own behalf and on behalf of each of their past, present and future predecessors, successors, heirs, subsidiaries, and assigns, hereby forever, unconditionally, permanently, and irrevocably release, discharge, and acquit Citizens, and (in such capacity) each of its successors, assigns, affiliates, parents, subsidiaries, partners, controlling persons, representatives, agents, attorneys, advisors, financial advisors, consultants, professionals, officers, directors, members, managers, shareholders, and employees, past, present and future, and their respective heirs, predecessors, successors and assigns (collectively, the "Released Parties") of and from any and all claims, controversies, disputes, liabilities, obligations, demands, damages, expenses (including, without limitation, attorneys' fees), debts, liens, actions, and causes of action of any and every nature whatsoever, whether arising in law or otherwise, and whether known or unknown, matured or contingent, arising under, in connection with, or relating to (i) the Prepetition Credit Obligations and the DIP Loan or (ii) the Prepetition Credit Documents, as applicable, including, without limitation, (a) any so-called "lender liability" or equitable subordination claims or defenses, (b) any and all "claims" (as defined in the Bankruptcy Code) and causes of action arising under the Bankruptcy Code, and (c) any and all offsets, defenses, claims, counterclaims, set off rights, objections, challenges, causes of action, and/or choses in action of any kind or nature whatsoever, whether arising at law or in equity, including any recharacterization, recoupment, subordination, avoidance, or other claim or cause of action arising under or pursuant to section

105 or chapter 5 of the Bankruptcy Code or under any other similar provisions of applicable state, federal, or foreign law, including, without limitation, any right to assert any disgorgement or recovery, in each case, with respect to the extent, amount, validity, enforceability, priority, security, and perfection of any of the Prepetition Credit Obligations and the DIP Obligations, the Prepetition Credit Documents, or the Prepetition Liens, the Replacement liens, the Adequate Protection Superpriority Claims and the DIP Liens, and further waive and release any defense, right of counterclaim, right of setoff, or deduction to the payment of the Prepetition Credit Obligations and the DIP Obligations that the Debtors now have or may claim to have against the Released Parties, arising under, in connection with, based upon, or related to any and all acts, omissions, conduct undertaken, or events occurring prior to entry of this Interim Order. The Debtor is authorized in any payoff letter or similar agreement into which they enter upon payment in full of any DIP Obligations to provide a waiver and release substantially similar to the waiver and release set forth in this Section to Citizens and its related parties.

34. Notwithstanding anything in the Final Cash Collateral Order or this Stipulated Order to the contrary, this Stipulated Order does not authorize the Debtor to make any payment to any insider (as such term is defined under the Bankruptcy Code), officer or executive of the Debtor.

35. Sufficient cause exists for immediate entry of this Interim Order pursuant to Bankruptcy Rule 4001(c)(2).

36. Notwithstanding the applicability of Rule 6004 of the Bankruptcy Rules, the terms and conditions of this Interim Order shall be immediately effective and enforceable upon its entry,

there shall be no stay of execution or effectiveness of this Interim Order, and Citizens is authorized to fund the DIP Loan immediately upon entry of this Interim Order.

37. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Stipulated Order.

Reservation of Rights

30. For avoidance of doubt, nothing in this Stipulated Order is intended as or shall be construed or deemed to be a consent by Citizens to any use of the proceeds of the DIP Loan except as expressly set forth herein. Citizens shall not be required to file any additional motion, claim, or seek other relief from the Court as a condition of obtaining the rights granted herein, perfecting the DIP Liens or superpriority administrative claims and/or under Section 507(b) of the Bankruptcy Code.

Interim Order

31. This Order shall be an interim order subject to further orders of this Court. The Court shall hold a subsequent hearing on these issues on _____, 2025 at _____.m.

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