

**STELIS BIOPHARMA LIMITED**

**POLICY FOR GOVERNANCE OF  
RELATED PARTY TRANSACTIONS**

## 1. Preamble

Stelis Biopharma Limited (hereinafter referred to as “Stelis”) is a vertically integrated biopharma and vaccines Company having capability to develop and manufacture complex biologics, biosimilars and vaccines.

As a part of the business activity, the Company deals with entities which are related parties. The Company recognizes that Related Party Transactions may have potential or actual conflict of interest which may not be in the best interest of the Company and its Shareholders’.

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions.

In line with the above requirement, Stelis has adopted this Policy to strengthen the related party transaction mechanism.

## 2. Key Definitions

- a) **“Arm’s Length Transaction”** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- b) **“Audit Committee”** shall mean the Audit Committee constituted by the Board of Directors of the Company as per Section 177 of the Companies Act
- c) **“Board”** shall mean the Board of Directors of the Company.
- d) **“Company”** shall mean Stelis Biopharma Limited (‘Stelis’)
- e) **“Director”** shall mean Director of the Company.
- f) **“Ordinary Course of Business”** will cover the business of the Company and its group, usual transactions, customs and practices of a business including incidental and/ or facilitative activities of the Business of the Company and its Group.

The following factors shall be considered for determination of whether the transactions are in the ordinary course of business:

- i. Objects of the Company permit the activities undertaken;
  - ii. There is a historical practice to conduct such activities;
  - iii. A pattern of frequency to conduct such activities over a period of time; and
  - iv. The transactions are common in industrial practice.
- g) **“Policy”** means Policy for Governance of Related Party Transactions.
  - h) **“Related Party”** means a Related Party as defined under Section 2 (76) of the Companies Act, 2013 and includes the following:
    - i. Director or his/ her Relatives;
    - ii. Key Managerial Personnel or his/ her Relatives;
    - iii. A firm or a private Company in which a Director or Manager or their Relatives are interested as a Partner or Director or Member;
    - iv. Holding Company and Associate of the Company
    - v. A Public Company in which a Director or Manager, holds along with his relatives,

- more than two per cent. of its paid-up share capital;
- vi. Any person on whose advice, directions or instructions a director or manager is accustomed to act
- vii. Any body corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with the advice, directions or instructions of a Director or Manager;
- viii. Any person or entity belonging to the promoter/ promoter group of the Company .

i) **“Related Party Transaction” or “RPT”** means any transaction between the Company and Related Party for transfer of resources, services or obligations, regardless of the price charged.

*RPT generally includes transactions of the following nature:*

- i. Sale, purchase or supply of any goods or materials;
- ii. Selling or otherwise disposing of, or buying property of any kind;
- iii. Leasing of property of any kind;
- iv. Availing or rendering of any services;
- v. Appointment of any agent for the purchase or sale of goods, materials, services or property;
- vi. Such related party's appointment to any office or place of profit in the Company, its Subsidiary Company or Associate Company;
- vii. Financing (including loans and equity contributions in cash or kind);
- viii. Providing or obtaining guarantees and/ or collaterals;
- ix. Management contracts including deputation of employees;
- x. Transfer of research and development;
- xi. Transfer under licence agreements

*The above is an indicative list and not an exhaustive one.*

j) **“Relative”** as defined under Section 2 (77) of the Companies Act, 2013 and includes anyone who is related to the Director/ KMP in any of the following manner:

- i. Spouse
- ii. Parents (including step father and step mother)
- iii. Children (including step son and step daughter)
- iv. Children’s spouses
- v. Siblings (including step brother and step sister)

k) **“Shareholders Agreement (SHA)”** means the agreement entered by the shareholders dated March 18, 2021 amongst the Company, Major investors, GMS Pharma Singapore Pte. Ltd. , Strides Pharma Science Limited, Mankekar Family and Promoters of the Company.

l) **Major Investors** means Medella Holdings Pte Ltd, Route One Fund I, L.P., Route One Fund II, L.P., Route One Offshore Master Fund, L.P., Think India Opportunities Master Fund L.P., TIMF Holdings, collectively.

j) **Promoter means Tenshi Life Sciences Private Limited**

### 3. Objectives:

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Party in compliance with the applicable laws and regulations as may be amended from time to time.

#### 4. Identification of Related Party Transactions:

All Directors of the Company shall provide Disclosure of Interest in the prescribed format<sup>1</sup> to the Board of Directors of the Company at the beginning of the year and subsequently, whenever there is any change in the disclosures already made.

Every Director of the Company shall inform the Board of Directors of any potential RPT involving him/ her or his/ her Relative, including all information relevant to the transaction. Board of Directors / Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy

#### 5. Threshold limit for Material Related Party Transactions:

The threshold limits for material related party transactions would be as defined in the Companies Act, 2013 or as amended therein from time to time. Presently, the thresholds are as under:

| Transactions  | Limits under the act for shareholders approval    | Limits as per the SHA for Major Investors approval |
|---|---|--|
| Sale, purchase or supply of any goods or materials, directly or through appointment of agent.                                 | 10% or more of Turnover                           | -  |
| Selling or otherwise disposing of, or buying, property of any kind, directly or through appointment of agent.                 | 10% or more of Net worth                          | -  |
| Leasing of property of any kind   | 10% or more of Turnover                           | -  |
| Availing or rendering of any services, directly or through appointment of agent.  | 10% or more of Turnover                           | -  |
| Such Related Party's appointment to any office or place of profit in the company, its subsidiary Company or associate Company | At a monthly remuneration exceeding Rs. 2.5 lakhs | -  |
| Underwriting the subscription of any securities or derivatives thereof, of the company  | Exceeding 1% of Net worth                         | -  |
| Bona fide and arm's length transactions with Steriscience Specialities (individually and cumulatively)                        | -   | Exceeding Rs. 25 Crores per financial year         |
| Payment towards commission for Corporate Guarantee with Strides Pharma Science Limited  | 10% or more of Turnover                           | Exceeding Rs. 24.50 crores per financial year      |

<sup>1</sup> Annexure 1 – Form for Conflict of Interest by Directors

|  |                         |   |
|--|-------------------------|---|
| Shared service agreement dated January 06, 2016 with Strides Pharma Science Limited  | 10% or more of Turnover | Exceeding an aggregate threshold of Rs, 8 Crores per financial year |
| Shared Services Amendment Agreement dated January 12, 2018 with Srtides Pharma Science Limited   | 10% or more of Turnover |   |
| Shared Services Agreement (Support Services) dated February 22, 2021 with Strides Pharma Science Limited                                   | 10% or more of Turnover |   |
| Shared Services Agreement dated March 12,2021 and deemed to be effective from April 01, 2019 with Tenshi Life Sciences Private Limited     | 10% or more of Turnover |   |
| Business Support Services Agreement dated December 01, 2019 with Arco Lab Private Limited  | 10% or more of Turnover |   |
| Contract Manufacturing Agreement dated December 29, 2020 with Steriscience Pte. Limited  | 10% or more of Turnover |   |
| Loan Agreement dated December 23, 2020 with Tenshi Life Sciences Private Limited   | -                       |   |
| Loan Agreement dated March 12, 2021 and effective from February 12, 2021 with Karuna Healthcare Private Limited                            | -                       |   |
| Contract Manufacturing Agreement dated December 29, 2020 with SteriScience Pte. Limited  | 10% or more of Turnover |   |
| Purchase Order issued by SteriScience Specialties Private Limited dated October 22, 2020 (Bausch + Strobel Maschinenfabrik Ilschofen GmbH) | 10% or more of Turnover |   |
| Purchase Order issued by SteriScience Specialties Private Limited dated October 22, 2020 (Metall + Plastic GmbH)                           | 10% or more of Turnover |   |
| Purchase Order issued by SteriScience Specialties Private Limited dated December 14, 2020 (Atec Pharmatechnik GmbH)                        | 10% or more of Turnover |   |

**Note: the Turnover or Net-worth referred in the above table shall be computed on the basis of the Audited Financial Statements of the preceding Financial Year.**

**6. Review and Approval of Related Party Transactions:**

*The process of review and approval of RPTs are categorised as under:*

- a) RPTs in the Ordinary Course of Business and at arm's length
- b) Other RPTs

**a) RPTs in the Ordinary Course of Business (OCB) and at Arm's Length:**

In the case of frequent/ regular/ repetitive transactions which are in the normal course of business of the Company, the Audit Committee shall grant omnibus approval.

*Omnibus approval shall specify the following:*

- Name of the related party;
- Nature of the transaction;
- Period of the transaction;
- Maximum amount of the transactions that can be entered into;
- Indicative base price/ current contracted price and formula for variation in price, if any; and
- Such other conditions as the Audit Committee may deem fit.

Further, for adhoc RPTs which are in the ordinary course of business or which are at arm's length basis, if any, approval may be sought by means of Circular Resolution or ratified in the subsequent meeting of the Audit Committee.

Omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.

**b) Other RPTs:**

- For any other transactions (other than one mentioned in clause 6(a) above, approval of Audit Committee and Board shall be mandatory.

Audit Committee and Board shall be provided with all relevant information about the RPT.

Approval of the Audit Committee and Board may be sought at their respective meeting.

If a related party transaction is not at arm's length price and exceeds the thresholds prescribed under the Companies Act, 2013 and rules enacted thereunder, it shall require shareholders' approval by an ordinary resolution. and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

All related party transaction that exceed the threshold limit described in clause 5 above, shall require approval of the shareholders of the Company by the way of an ordinary resolution.

**Deviations, if any**

In the event the Company becomes aware of an RPT that has not been approved as prescribed under this Policy, the matter shall be referred to the Audit Committee/ Board.

The Committee shall consider all of the relevant facts and circumstances regarding the RPT and shall evaluate all options available to the Company, including ratification, revision or termination of such transaction.

*Note: The above process is subject to matters defined in the Shareholders Agreement.*

**7. Disclosures of Related Party Transactions as per Companies Act, 2013:**

Section 134(3) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 requires all Companies to disclose in the Board's Report, (a) related party transactions which are entered into not on arm's length basis and (b) material related party transactions which are entered into on arm's length basis, in *Form AOC-2*.

**8. Reporting to the Audit Committee/ Board**

Statement of RPT for the quarter shall be tabled at the Audit Committee/ Board Meeting.

**9. Review of Policy**

The Board of Directors of the Company shall review the Policy at least once every three years and update accordingly.

Amendments, from time to time, to the Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee at consolidated level.

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**ANNEXURE - 1**

**DISCLOSURE OF INTEREST BY DIRECTOR**

As at \_\_\_\_\_

| Name | Position | Person and/or Organisation with Interest | Nature of Conflict or Interest (Director/ Member) | Date on which interest or concern arose/ Changed | Meeting and Date of Declaration | Signature |
|------|----------|--|---|--|---------------------------------|-----------|
|      | Director |  |   |  |                                 |           |
|      |          |  |   |  |                                 |           |
|      |          |  |   |  |                                 |           |
|      |          |  |   |  |                                 |           |
|      |          |  |   |  |                                 |           |
|      |          |  |   |  |                                 |           |

**SCHEDULE**

**LIST OF RELATIVES**

[Section 2(77) of the Companies Act, 2013 and  
Rule 4 of Companies (Specification of definitions details) Rules, 2014]

| Sl No. | Relatives                        | Name |
|--------|----------------------------------|------|
| 1.     | Spouse                           |      |
| 2.     | Father (including step father)   |      |
| 3.     | Mother (including step mother)   |      |
| 4.     | Son (including step son)         |      |
| 5.     | Son's wife                       |      |
| 6.     | Daughter                         |      |
| 7.     | Daughter's husband               |      |
| 8.     | Brother (including step-brother) |      |
| 9.     | Sister (including step-sister)   |      |



**Version Control Sheet**

| <b>Version Number</b> | <b>Date of Board Meeting</b>  |
|-----------------------|---|
| V 1                   | Approved and adopted in the Board Meeting held on February 16, 2022 |