

REPORT OF AUDIT COMMITTEE OF ONESOURCE SPECIALTY PHARMA LIMITED (“THE COMPANY”) RECOMMENDING A COMPOSITE SCHEME OF ARRANGEMENT AND AMALGAMATION (MERGER BY ABSORPTION) AMONGST STERISCIENCE SPECIALTIES PRIVATE LIMITED (“SSPL” OR “TRANSFEROR COMPANY 1”) AND BROOKS STERISCIENCE LIMITED (“BSL” OR “TRANSFeree COMPANY 1” OR “TRANSFEROR COMPANY 2”) AND STERISCIENCE PTE LIMITED (“STERISCIENCE SG” OR “TRANSFEROR COMPANY 3”) AND STRIDES PHARMA SERVICES PRIVATE LIMITED (“SPSPL” OR “TRANSFEROR COMPANY 4”) AND ONESOURCE SPECIALTY PHARMA LIMITED (“ONESOURCE” OR “TRANSFeree COMPANY 2”) AND THEIR RESPECTIVE SHAREHOLDERS (“SCHEME” OR “DRAFT SCHEME”)

Members Present:

#	Name of Audit Committee Members	Designation
1.	Colin Bond	Chairperson (Independent Director)
2.	Vijay Paul Karwal	Member (Independent Director)
3.	Debarati Sen	Member (Independent Director)
4.	Neeraj Sharma	Member (Managing Director)

1. Background

- 1.1 The Company is a listed public limited company whose shares are listed on BSE Limited and the National Stock Exchange of India Limited (collectively, “**Stock Exchanges**”).
- 1.2 The SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 on (i) Scheme of Arrangement by Listed Entities and (ii) Relaxation under Sub- rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957 (“**SEBI Scheme Circular**”), the Committee is required to provide a report recommending the draft Scheme taking into consideration *inter alia* the valuation report. This report of the Committee is also required to, in terms of the SEBI Scheme Circular, comment on the (a) need for the merger/ amalgamation / arrangement; (b) rationale of the Scheme, (c) synergies of business of the entities involved in the Scheme, (d) the impact of the Scheme on the shareholders, and (e) cost benefit analysis of the Scheme.

2. The Scheme

The Composite Scheme of Arrangement and Amalgamation (Merger by Absorption) amongst Steriscience Specialties Private Limited (“SSPL” or “Transferor Company 1”) and Brooks Steriscience Limited (“BSL” or Transferee Company 1” or “Transferor Company 2”) and Steriscience Pte Limited (“Steriscience SG” or “Transferor Company 3”) and Strides Pharma Services Private Limited (“SPSPL” or “Transferor Company 4”) and OneSource Specialty Pharma Limited (“OneSource” or “Transferee Company 2”), and their respective shareholders (“**Scheme**” or “**Draft Scheme**”), pursuant to the provisions of Sections 230 to 232 read with Section 234, Section 52, Section 66 of the Companies Act of India, 2013 (“Act”) and Section 210 of the Companies Act, 1967 of Singapore, and also read with Section 2(1B) of the Indian Income-tax Act, 1961 and other applicable provisions of the Indian laws and the applicable provisions of the Singapore Income Tax Act, 1947, and the rules made thereunder.

3. Meeting of the Audit Committee of the Company

- 3.1 A meeting of the Audit Committee of OneSource Specialty Pharma Limited (“**Company**” or “**OneSource**”) was held on September 26, 2025 to, inter alia, consider and if thought fit recommend to the Board of Directors of the Company (“**Board**”) the Draft Scheme.

It was noted that the following Companies forms part of the Scheme.

- 3.2 SSPL was incorporated with the object of conducting the business of development, manufacturing, marketing and distribution of pharmaceuticals products such as injectables for various markets. Currently, SSPL is engaged in the business of manufacturing of pharmaceutical products through its strategic investment in BSL.
- 3.3 BSL is a backward-integrated manufacturer of sterile penem formulations which is a type of antibiotic known as Carbapenems and focuses on serving regulated markets. BSL’s product portfolio includes Meropenem, Ertapenem, and Imipenem/ Cilastatin and it has product filings in over 50 countries.
- 3.4 Steriscience SG owns certain IPs and is engaged in trading business as well as is engaged in the business of providing Contract Development and Manufacturing Operation (‘CDMO’) services through its step-down subsidiary. Steriscience SG has a wholly owned subsidiary in Netherlands - Steriscience B.V., which in turn holds investment in a Polish subsidiary - Steriscience Sp. Z.o.o. which owns a manufacturing facility in Poland. Further, Steriscience SG is contemplating to transfer its entire trading business and intellectual property led B2B business on a going concern basis, to its wholly owned subsidiary, proposed to be named as Steriscience Pharma Pte Ltd. (or such other name as may be approved by the Singapore regulatory authorities). Post such transfer, Steriscience SG will only hold direct investments in Steriscience B.V. and Steriscience Pharma Pte Ltd. and indirect investments in Steriscience Sp. Z.o.o.
- 3.5 SPSPL was incorporated with the object of acting as a service provider, providing business support services for all processes, subs processes and all other activities performed in the pharmaceutical and biopharmaceutical sector across the world. Further, SPSPL owns OneSource Softgels Pte. Ltd. which owns Intellectual Properties and is engaged in the trading business. SPSPL is a wholly owned subsidiary of OneSource and OneSource Softgels Pte. Ltd. is a step-down subsidiary of OneSource.
- 3.6 OneSource (formerly known as “Stelis Biopharma Limited”) is engaged in the research, development, manufacture and commercialisation of biological drug products in various injectable formats. OneSource also offers end-to-end CDMO services across all phases of pre-clinical and clinical development and commercial supply of biologics.
- 3.7 Following documents were placed before the Audit Committee for its consideration:
- i. the Draft Scheme;
 - ii. Valuation Report dated September 26, 2025, issued by PwC Business Consulting Services LLP, a Registered Valuer (Securities or Financial Assets) IBBI Registered Valuer No. IBBI/RV-E/02/2022/158, recommending the Share Exchange Ratios (as defined hereunder) for the Draft Scheme (“**Valuation Report**”);

- iii. Fairness Opinion dated September 26, 2025, prepared by ICICI Securities Ltd, an Independent SEBI registered Merchant Banker (Registration Number – MB/INM000011179), confirming that the Share Exchange Ratios in the Valuation Report are fair to the companies and their respective shareholders (“**Fairness Opinion**”); and
- iv. Draft Auditors’ certificate from Deloitte Haskins & Sells, Chartered Accountants, confirming that the accounting treatment contained in the Draft Scheme in Clause 20 of Part III, Clause 28 of Part IV, Clause 37 of Part VI, and Part VII of the Draft Scheme, is in compliance with the applicable Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, as amended read with rules made thereunder and other Generally Accepted Accounting Principles in India. (“**Auditors Certificate**”);
- v. The Committee had a discussion / interaction with the management and the advisors on the Draft Scheme, in respect of the following:
 - a) Strategic Rationale for the Scheme by Mr. Neeraj Sharma, Managing Director & CEO of the Company;
 - b) Scheme overview and structure by the advisors Transaction Square.
 - c) Financial and tax due diligence by PwC Business Consulting Services LLP;
 - d) Legal due diligence findings by DSK Legal;
 - e) Valuation Report by PwC Business Consulting Services LLP; and
 - f) Fairness Opinion by ICICI Securities Limited.

4. Observations of Audit Committee on the Draft Scheme

4.1 Need and Rationale for the Draft Scheme

The Audit Committee reviewed the Draft Scheme, Due Diligence findings, Valuation Report and Fairness Opinion and noted the need, rationale and the benefits of the Draft Scheme to the stakeholders and shareholders are inter-alia as follows:

Rationale

OneSource is currently engaged in contract development and manufacturing operations, and accordingly, the consolidation of BSL and Sterisience SG with OneSource, which are also engaged in a similar line of business, would complement the existing business of OneSource.

The Companies involved in the Scheme are intending to consolidate the sterile injectable contract development and manufacturing operations of Sterisience SG and the Carbapenem facility of BSL, under OneSource. Prior to such consolidation, the Board of Directors of the Companies intend to simplify the holding structure of BSL to enable a smoother consolidation of the business/ entities from the perspective of OneSource.

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The proposed consolidation of Steriscience SG and BSL with OneSource would inter alia have the following benefits:

1. Strategic Fit, enhancing scale of operation

- Consolidation complements OneSource's existing contract development and manufacturing (CDMO) operations in sterile injectables and anti-infectives
- Adds a multi dose format, versatile EU-based sterile fill-finish site approved by USFDA and EU-GMP amongst other regulatory agencies
- Enhances OneSource's global footprint, de-risks the flagship DDC site with a European option for our GLP customers especially innovators seeking a near-shore mfg. site
- Strengthens India operations with a vertically integrated anti-infective unit further strengthening OneSource's anti-infective franchise

2. Customer and Market Access

- Adds new customers to OneSource's established base
- Unlocks access to advanced markets through expanded RTU and 505(b)(2) experience
- Long term Commercial Sales Agreements (CSA) creating cross-selling opportunities and increasing share of wallet

3. Operational and Financial Synergies

- Enables cohesive, forward-looking strategies:
 - Potential for faster capacity addition via brownfield expansion.
- Drives operational efficiency through:
 - Optimal infrastructure utilization.
 - Elimination of duplication across functions.
- Enhances net worth, earnings, and cash flow, ultimately maximizing shareholder value.

The synergies arising out of the consolidation has the potential to enhance the shareholder's value.

The amalgamation of SSPL with BSL would simplify the holding structure of BSL and reduction in shareholding tiers of the BSL and the amalgamation of SPSPL with the OneSource would rationalise the operating structure by reducing the number of legal entities through which the business is carried out and would also result in reduction in regulatory and legal compliances and avoid multiple record keeping.

The Scheme is expected to increase the long-term value for the shareholders, customers, partners, and other stakeholders of all the Companies.

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In the past, OneSource had suffered losses, which had constrained its ability to scale the business and unleash its full potential for growth and profitability. However, there has been a significant turnaround in the operations/business and financial performance of OneSource. OneSource has reported operating profits in the financial year 2024-25. Despite the profits, the accumulated losses are weighing down the financial statements of OneSource. With a substantial amount of accumulated negative Retained Earnings, the financial statements of the Company are not reflective of its true current financial health. In a strategic move to reduce and reorganize the reserves of OneSource, the Scheme proposes to set-off the negative balance in the Retained Earnings Account, against the balance lying in the Securities Premium Account. The above set-off would benefit (including but not limited to) in the following ways:

1. The financial statements of OneSource would reflect its true and fair financial health that fairly represents current operational performance;
2. Help in resizing the reserves of OneSource representing its true and fair financial position which is commensurate with its business and assets;
3. Enable OneSource to explore opportunities for the benefit of its shareholders including but not restricted to dividend payment per the applicable provisions of the Indian Companies Act;
4. Enable OneSource to appropriately use the amounts lying in the Securities Premium Account which are currently neither earmarked for any specific purpose, nor have any lien marked thereon and/or obligation attached thereto;

Reason for accumulated losses:

Incorporated in 2007, the Company operates in the biotechnology sector—an industry known for its capital-intensive nature and long gestation periods. During its formative years, the Company made significant upfront investments in infrastructure, intellectual property, and talent development. As a result of these efforts, the Company turned profitable in the financial year ending March 31, 2025.

Since its inception, the Company has been a pioneer in introducing Drug-Device Combinations and Biologics manufacturing capabilities in India. To achieve this, it established new facilities, acquired critical intellectual property, and focused heavily on building and training a highly skilled team to create a robust biomanufacturing ecosystem within the country.

While the core business was scaling up, the World Health Organization declared the COVID-19 pandemic. In response to the urgent global and national healthcare needs, the Company swiftly realigned its strategic priorities and established a new manufacturing facility dedicated to the production of the Sputnik vaccine.

Specifically, OneSource's Unit 3 was set up in 2021 to manufacture the Sputnik Light vaccine under an agreement with the Russian Direct Investment Fund (RDIF), Russia's sovereign wealth fund. However, in FY 2023–24, the Company incurred a one-time inventory write-off related to the unsold Sputnik vaccine. This write-off was necessitated by the geo-political tensions arising from the Russia-Ukraine conflict, which disrupted supply chains and market access, thereby preventing the liquidation of the inventory.

The Company's accumulated losses are primarily attributable to the investments made during its early-stage development, a period during which it generated little to no revenue while incurring substantial costs to establish a solid foundation for long-term growth.

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4.2 Synergies of business of the entities involved in the Draft Scheme

The management of the respective Companies are of the view that this Draft Scheme is in the interest of the customers, employees, lenders, shareholders and all other stakeholders of the respective Companies.

This Draft Scheme shall provide OneSource with access to a significant global manufacturing footprint through the state-of-the-art facility in Warsaw owned by the step-down subsidiary of Steriscience SG, with its established ampoule, vial, and pre-filled syringe lines. This not only expands OneSource's overall capacity but also offers the ability to further diversify into new product lines, such as drug-device combination products, leveraging Poland's existing infrastructure and regulatory approvals.

Further, this arrangement will enable OneSource to make a foray into the carbapenems market, a therapeutic area it currently cannot address. By integrating BSL's specialized carbapenem manufacturing capabilities and its API facility, OneSource gains a vertically integrated presence in a high-demand segment.

Beyond financial mechanics, the acquisition combines the distinct and complementary capabilities of both entities, creating operational synergies, leveraging shared expertise, and accelerating OneSource's strategic objectives in specialized pharmaceutical manufacturing.

4.3 Salient Features of the Draft Scheme

The Audit Committee considered and observed the following salient features in relation to the Draft Scheme:

- (i) The Draft Scheme is divided into parts, with key parts being –
 - a) Amalgamation of the SSPL into BSL (Part II of the Draft Scheme);
 - b) Amalgamation of BSL into OneSource (Part III of the Draft Scheme);
 - c) Amalgamation of Steriscience SG into OneSource (Part IV of the Draft Scheme);
 - d) Procedure relating to the Steriscience SG under the laws of Singapore (Part V of the Draft Scheme);
 - e) Amalgamation of SPSPL into OneSource (Part VI of the Draft Scheme);
 - f) Financial Restructuring of OneSource (Part VII of the Draft Scheme);
- (ii) “Appointed Date 1” means 01st April, 2026 or such other date as may be fixed or approved by the Competent Authority/ Appropriate Authority;

The said appointed date shall be applicable for Part II, Part III, Part VI and Part VII of the Scheme

“Appointed Date 2” shall mean the Effective Date;

The said appointed date shall be applicable for Part IV and Part V of the Scheme



(iii) The effectiveness of this Draft Scheme is conditional upon and subject to the following:

Part II, Part III, Part VI and Part VII of the Scheme is conditional upon and subject to:

1. approval of Appropriate Authorities (including Securities and Exchange Board of India) and receipt of 'No-Objection letter' from Stock Exchange under Regulation 37 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 where such approval or consent is necessary;
2. the approval of the Scheme by the requisite majority of various classes of the respective members and creditors and such class of persons of the Companies, as required in terms of the applicable provisions of the Indian Companies Act as well as any requirement that may be stipulated by the Appropriate Authority in this respect;
3. the approval of the Scheme by the shareholders of the Companies through e-voting and / or other mode as may be required under any Applicable Law and the SEBI Scheme Circular. The Scheme is conditional upon approval by the public shareholders of the Transferee Company 2 through e-voting in terms of para 10(b) of Part I of SEBI Scheme Circular and the Scheme shall be acted upon only if votes cast by the public shareholders of the Transferee Company 2 in favour of the proposal are more than the number of votes cast by the public shareholders of the Transferee Company 2 against it.
4. the sanction of the Tribunal, being obtained under Sections 230 to 232 read with Section 234, Section 52, Section 66 and other applicable provisions of the Indian Companies Act, if so, required on behalf of the Companies.
5. the certified copies of the order of the Tribunal being duly filed with the Registrar of Companies;
6. all other sanctions and approvals as may be required by law in respect of this Scheme being obtained, where such approval or consent is necessary.
7. The Companies (through their respective Boards) shall have the right to waive any of the conditions referred to in clause 51.1 of the Scheme (other than those required to be complied with by law) and the waiver of such condition shall not affect in any manner the coming into effect of the Scheme.

Further, for effectiveness of Part IV and Part V of the Scheme, in addition to the conditions provided above, the following additional conditions would have to be complied with:

1. the approval of the Scheme by the shareholders of Transferor Company 3 at their meeting to be convened by the Singapore Court to approve the Scheme and any adjournment thereof in compliance with Section 210(3AB) of the Singapore Companies Act;
2. the grant of Singapore Court Order by the Singapore Court and such Singapore Court Order having become final;
3. the lodgement of the Singapore Court Order with the Accounting and Corporate Regulatory Authority of Singapore pursuant to Section 210(5) and Section 212(3) of the Singapore Companies Act;
4. The Companies (through their respective Boards) shall have the right to waive any of the conditions referred to in this clause (other than those required to be complied with by law) and the waiver of such condition shall not affect in any manner the coming into effect of the Scheme.

- (iv) Upon the Draft Scheme becoming operative on the Effective Date, with effect from the Appointed Date 1 or Appointed Date 2, as applicable, the amalgamation of Transferor Company 1 into Transferor Company 2, and subsequent Amalgamation of Transferor Company 2, Transferor Company 3 and Transferor Company 4 into Transferee Company 2, and the Financial Restructuring in the books of Transferee Company 2 shall be accounted for in the books of the Companies in compliance with the applicable Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, as amended read with rules made thereunder and other Generally Accepted Accounting Principles in India.
- (v) The following share exchange ratios have been determined and the same have been considered by the Board:
- a) for the allotment of equity shares of the Transferee Company 2, having face value of INR 1/- each to the shareholders of Transferor Company 2 as on the Record Date 2 (as defined in the Draft Scheme), in consideration for the amalgamation:

Share Exchange Ratio 2:

137 (One Hundred and Thirty-seven) equity shares of OneSource (of INR 1/- each fully paid up) for every 10 (Ten) equity shares of BSL (of INR 10/- each fully paid up)

- b) for the allotment of equity shares of the Transferee Company 2, having face value of INR 1/- each to the shareholders of Transferor Company 3 as on the Record Date 3 (as defined in the Draft Scheme), in consideration for the amalgamation:

Share Exchange Ratio 3:

53 (Fifty-three) equity shares of OneSource (of INR 1/- each fully paid up) for every 100 (One Hundred) ordinary shares of Steriscience SG

- c) There will be no issue and allotment of any shares by the Transferee Company 2 in consideration of amalgamation of the Transferor Company 4 with the Transferee Company 2 as the Transferor Company 4 is the wholly owned subsidiary of the Transferee Company 2 and the entire paid-up share capital of the Transferor Company 4 is held by Transferee Company 2 along with nominees of Transferee Company 2. Also, all equity shares held by the Transferee Company 2 and its nominee(s) in the Transferor Company 4 shall be cancelled and extinguished as on the Appointed Date 1.

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(vi) Further, the following share exchange ratios in relation to other parts of the Scheme have been noted and considered:

- d) for the allotment of equity shares of the Transferee Company 1, having face value of INR 10/- each to the shareholders of Transferor Company 1 as on the Record Date 1 (as defined in the Draft Scheme), in consideration for the amalgamation:

Share Exchange Ratio 1:

“48 (Forty-eight) equity shares of BSL (of INR 10/- each fully paid up) for every 10 (Ten) equity shares of SSPL (of INR 10/- each fully paid up)”

Valuation Methods Evaluated for the Share Exchange Ratio

The Audit Committee noted that the Valuers have used different methods such as Income Approach and Market Approach and attributed appropriate weights to values arrived at under Income and Market approaches for arriving computation of the Share Exchange Ratio(s).

The Audit Committee reviewed and noted that the Draft Scheme does not fall within the purview of related party transactions in terms of General Circular No. 30/2014 dated July 17, 2014, issued by the Ministry of Corporate Affairs (“MCA”) since the same is subject to the sanction of the NCLT, and the provisions of Section 188 of the Act are not applicable. However, in accordance with the provisions of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”), the Draft Scheme falls within the purview of the definition of Related Party Transactions as the Companies involved in the Scheme have common promoters. It is given to understand that the approval of the shareholders would be obtained in terms of the SEBI Scheme Circular.

In terms of the Draft Scheme, equity shares of the Transferee Company 2 are proposed to be issued and allotted to the shareholders of the Transferor Company 2 and Transferor Company 3. In view of the aforesaid paragraph and in terms of Paragraphs 10(b)(i) and 10(b)(ii) of the SEBI Scheme Circular, the Scheme shall be acted upon only if the votes cast by the public shareholders of the Company in favour of the Scheme are more than the number of votes cast by the public shareholders against it.

The consideration as set forth in the Draft Scheme will be discharged on an ‘arms’ length basis’. The share exchange ratios for the shares to be allotted pursuant to the Draft Scheme are based on the Valuation Report and the Fairness Opinion. The aforementioned Valuation Report and Fairness Opinion have duly been considered by the Audit Committee.

The Fairness Opinion confirms that the share exchange ratios in the valuation report is fair to the companies and their respective shareholders and creditors.

Further, M/s Deloitte Haskins & Sells, Chartered Accountants, Statutory Auditors of the Company, vide their draft certificate, have confirmed that the accounting treatment as specified in the Draft Scheme in Clause 20 of Part III, Clause 28 of Part IV, Clause 37 of Part VI, and Part VII of the Draft Scheme, is in compliance with the applicable Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, as amended read with rules made thereunder and other Generally Accepted Accounting Principles in India.

4.4 Cost-Benefit Analysis of the Draft Scheme

The implementation of the Draft Scheme will involve incurring costs including, administrative/ statutory levy(ies), fees payable to financial/ legal advisors etc.

Considering the rationale and synergies detailed in the above clauses, the consolidation of Transferor Companies with OneSource will enable concentration of their resources and managerial bandwidth which would lead to optimum utilization of resources and enable focused strategy, better coordination and cohesiveness in their working and assist in standardisation of their business process.

Accordingly, the Audit Committee is of the view that, the long-run benefit derived by the shareholders would foreshadow the cost incurred towards implementation of the Draft Scheme.

4.5 Impact of Draft Scheme on Shareholders

The Audit Committee members reviewed the Valuation Report and the Fairness Opinion for determination of the share exchange ratio under the Draft Scheme.

In terms of the Draft Scheme, equity shares of the Transferee Company 2 are proposed to be issued and allotted to the shareholders of Transferor Company 2 and Transferor Company 3.

The Audit Committee was of the informed opinion that the Draft Scheme is in the best interest of the Company and its shareholders. The impact of the Draft Scheme on the shareholders, including, the public shareholders would be the same in all respects and no shareholder is expected to have any disproportionate advantage or disadvantage in any manner. The Draft Scheme is not in any manner prejudicial or against public interest and would serve the interest of all the shareholders, creditors or any other stakeholders.

5. Recommendations of the Audit Committee

The Committee reviewed the Valuation Report and noted the valuation and the Share Exchange Ratios. No special valuation difficulties were noted. Further, the Committee also noted the Fairness Opinion from ICICI Securities Limited in respect of the Valuation Report.

Basis the above, the Committee after due deliberations and after taking into consideration the Due Diligence findings, Valuation Report, Fairness Opinion, all the terms of the Draft Scheme, need for the merger/ amalgamation / arrangement; rationale of the Draft Scheme, synergies of business of the entities involved in the Draft Scheme, the impact of the Scheme on the shareholders, and cost benefit analysis of the Draft Scheme, and other documents presented before the Committee, unanimously recommends the Draft Scheme for approval.



This report of the Audit Committee is made in order to comply with the requirements of the SEBI Scheme Circular after considering the necessary documents.

By Order of the Audit Committee of Directors of **OneSource Specialty Pharma Limited**



Independent Director & Chairperson of the Audit Committee Meeting

DIN: 10982819

Date: September 26, 2025

