

POLICY ON MATERIALITY OF AND ON DEALING WITH RELATED PARTY TRANSACTIONS

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Aragen Life Sciences Limited

Policy on Materiality of and on Dealing with Related Party Transactions

1. Background

This Related Party Transaction Policy ("**Policy**") prescribes the procedure for dealing with Related Party Transactions ("**RPTs**") between Aragen Life Sciences Limited ("**Company**") and its Related Parties and defines the materiality of the RPTs. This Policy is framed as per the requirement of the Companies Act, 2013 as amended and the rules framed thereunder ("**Act**") and Regulation 23 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended ("**Listing Regulations**") and requires the companies to have enhanced transparency and due process for approval of the related party transactions.

The Board of Directors of the Company ("**Board**") on the recommendation of the Audit Committee of Directors of the Company ("**Audit Committee**") shall review the Policy at least once in three years and may amend the same from time to time.

2. Definitions

- A. "**Act**" shall mean the Companies Act, 2013, and the relevant rules in respect of RPTs, and includes any amendment thereof.
- B. "**Applicable law**" under this Policy shall mean the Act and the Listing Regulations.
- C. "**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.
- D. "**Audit Committee**" means the committee constituted by the Board of Directors of the Company in accordance with section 177 of the Companies Act, 2013 and SEBI Regulations.
- E. "**Listed Subsidiary**" shall mean the subsidiary of the Company to which Regulations 15(2) and 23 of SEBI Listing Regulations are applicable.
- F. "**Listing Regulations**" mean the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.
- G. "**Material RPT**" - means the transaction(s) with a related party to be entered into individually or taken together with previous transactions during a financial year that exceeds rupees one thousand crore or ten percent, and in the case of RPT with respect to brand usage or royalty five percent, of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower, or such other threshold as may be prescribed by the Act or the Listing Regulations from time to time. The materiality may be amended by the Audit Committee of the Company from time to time.

- H. ¹ **“Material modification”** means any subsequent change to an existing RPT, having a variance as may be defined by the audit committee of the Company which shall form part of this policy and shall be applied in dealing with all RPTs.
- I. **“Ordinary course of business”** means actions/transactions undertaken in the ordinary course of the normal day-to-day operations consistent with the past customs and practices of the Company to conduct its business operations and activities without the need to obtain specific authorization from the Board of Directors of the Company or other persons exercising similar authority and includes all such activities which the company can undertake as per the Memorandum & Articles of Association of the Company.
- J. **“Related Party”** derives its definition from applicable clauses of the Act, Listing Regulations, and applicable Indian Accounting Standards as amended from time to time.
- K. **“Relative”** means a relative as defined in Section 2(77) of the Companies Act;
- L. **“Related Party Transactions”** means the transactions as mentioned in the Act and Listing Regulations;

All capitalized terms used in this Policy but not defined herein, shall have the meaning assigned to such term in the Act and the Listing Regulations. In case of any conflict between this Policy and the Applicable Law, the Applicable Law shall prevail.

3. Approval of Related Party Transactions (RPTs)

A. Approval by the Audit Committee of Directors

a. RPTs and Material Modifications

All the transactions which are identified as RPTs to which the Company is a party, and subsequent Material Modifications thereof, shall be approved by the Audit Committee prior to the transaction(s), provided only those members of the Audit Committee, who are independent directors, shall approve the RPTs.

b. Material RPTs of subsidiaries

All Material RPTs to which the subsidiary of the Company is a party, but the Company is not a party, shall require prior approval of the Audit Committee of the Company. The materiality threshold for this purpose shall be the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeding ten percent of the annual standalone turnover, as per the last audited financial statements of the subsidiary. In the case of listed subsidiaries, prior approval of the audit committee of the listed subsidiary shall suffice.

c. Omnibus approval

- (i) Audit Committee may grant omnibus approval for RPTs that are repetitive, proposed to be entered into by the Company, subject to such criteria/conditions as mentioned under Regulation 23(3) of the Listing Regulations and after satisfying itself of the need to grant

¹ The Audit Committee at its meeting held on 12th February 2023 defined “Material Modification” as a variance of 10% of the existing approved limit for an RPT.

such approval and in terms of the criteria laid down by the Committee in this respect in line with this Policy.

- (ii) Details such as:
- a) the name(s) of the related party, nature of the transaction, period of transaction, the maximum amount involved in the transaction that shall be entered into;
 - b) the indicative base price/current contracted price and the formula for variation in the price if any; and
 - c) such other details as the audit committee may deem fit, shall be placed before the Audit Committee for its approval.

Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rupees One Crore per transaction.

- d) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- e) the Audit Committee shall review, at least every quarter, the details of the RPTs entered into by the Company under each of the omnibus approvals given.

d. Ratification of RPTs

A Related Party Transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, shall be placed before the Audit Committee for ratification.

In case an RPT is entered without obtaining the approval of the Audit Committee or the Board as the case may be and not ratified by the Audit Committee or the Board within three months of entering the transaction, such transaction shall be voidable at the option of the Audit Committee or the Board as the case may be and the concerned director/officer and/or director/officer who authorized the transaction shall indemnify the Company against any loss incurred by the Company and the Company shall be entitled to recover the loss from such director/officer concerned. Such concerned director/officer shall also be liable for penalty as provided under the Act / Listing Regulations.

e. Recommendation to Board.

In case of the Audit Committee does not approve an RPT, it may make its recommendations to the Board.

B. Approval by the Board.

RPTs requiring approval of the Board and participation by an interested director

In case any RPT is referred to the Board for its approval due to the transaction being (i) not in the ordinary course of business, (ii) not at an arm's length price, or referred by the Audit Committee, the Board may, on careful consideration, approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any RPT shall recuse himself and abstain from discussion and voting on the approval of the RPT.

C. Approval by the shareholders of the Company

a. Material RPTs and Material Modifications to require approval of shareholders

All Material RPTs and subsequent Material Modifications and such RPTs as prescribed under Section 188 of the Act, shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether such party is a related party to the particular transaction or not.

Provided that prior approval of the shareholders of the Company shall not be required for a related party transaction to which the listed subsidiary of the Company is a party, but the Company is not a party.

b. Existing Material RPTs

All existing Material RPTs entered into before the date of this Policy, and which may continue beyond such date shall be placed for approval of the shareholders in the first General Meeting after the date of this Policy.

D. Exemptions.

Exemptions from approval of RPTs relating to wholly-owned subsidiaries

Audit Committee approval or approval of shareholders will not be required for RPTs entered into between the Company and its wholly-owned subsidiary or RPTs between two wholly-owned subsidiaries of the Company whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

E. Post-facto approval of the RPTs

RPT not deemed to violate the Policy in absence of approval

In the event the Company becomes aware of an RPT with a Related Party that has not been approved under this Policy before its consummation, the Company would obtain post facto approval from the Audit Committee, the Board, and/or shareholders as required under applicable laws/ regulations. In case the Company is not able to take such prior approval from the Audit Committee, the Board, and/or shareholders, such a transaction shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as post-facto approval is obtained as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.

4. Disclosures

a. Disclosures to Stock Exchange(s)/on Website

The Audit Committee of the Company shall, along with the recommendation of the standalone and consolidated financial results for each half-year, disclose the related party transactions in compliance with Accounting Standards for RPTs to the Board for approval. On approval by the Board, the Company shall submit to the stock exchanges, every six months on the date of publication of its standalone and consolidated financial results,

disclosures of related party transactions in the format as specified by the Board from time to time and as per the manner and timelines set out in the Listing Regulations and publish the same on its website.

b. Disclosures in Board's report

All RPTs entered with approval of the Board, or the shareholders shall be referred to in the Board's report to the shareholders along with the justification for entering into such a transaction.

5. General

A. Applicable Law to prevail over in case of conflict

In the event of any conflict between the provisions of this Policy and the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy.

B. Amendments

Any subsequent amendment/modification in the Listing Regulations, Act, and/or applicable laws in this regard shall automatically apply to this Policy.

C. Disclosure of Policy on the website

This Policy will be uploaded on the website of the Company.

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