POLICY FOR DETERMINING 'MATERIAL' SUBSIDIARIES

1. Background

Pursuant to the provisions of Regulation 16(1)(c) and Regulation 24 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of Dr Lalchandani Labs Limited ("the Company") has adopted this Policy for determining 'Material' Subsidiaries.

The purpose of this policy is to determine material subsidiaries and provide the governance framework for such subsidiaries.

2. Objective

The objectives of this policy are to:

1. Define the criteria for determining Material Subsidiaries of the Company.
2. Ensure appropriate corporate governance and oversight over such subsidiaries.
3. Comply with the SEBI LODR Regulations and other applicable laws.

3. Definitions

(a) Subsidiary

"Subsidiary" shall have the meaning assigned to it under Section 2(87) of the Companies Act, 2013 and the rules made thereunder.

(b) Material Subsidiary

A subsidiary shall be considered "Material" if:

- Its income exceeds 10% of the consolidated income of the Company, or
- Its net worth exceeds 10% of the consolidated net worth of the Company

during the immediately preceding accounting year.

The above threshold is determined as per Regulation 16(1)(c) of SEBI LODR Regulations.

(c) Independent Director

An Independent Director shall have the meaning assigned under the Companies Act, 2013 and SEBI LODR Regulations.

4. Governance Framework for Material Subsidiaries

The Company shall comply with the following requirements with respect to Material Subsidiaries:

(a) Independent Director on Board of Material Subsidiary

At least one Independent Director of Dr Lalchandani Labs Limited shall be a Director on the Board of an unlisted material subsidiary, whether incorporated in India or abroad.

(b) Review by Audit Committee

The Audit Committee of the Company shall review:

- Financial statements of the subsidiary
- Investments made by the subsidiary
- Significant transactions or arrangements entered into by the subsidiary

(c) Board Review

The Board of Directors of the Company shall periodically review:

- The performance of material subsidiaries
- Significant transactions and arrangements of the subsidiary

5. Restrictions on Disposal of Shares of Material Subsidiary

The Company shall not dispose of shares in its material subsidiary which would:

- Reduce its shareholding (either on its own or together with other subsidiaries) to less than 50%, or
- Result in the subsidiary ceasing to be a subsidiary

without passing a special resolution in the general meeting of shareholders, except in cases where such divestment is made under a scheme approved by a court or tribunal.

6. Restrictions on Disposal of Assets of Material Subsidiary

Selling, disposing, or leasing of assets amounting to more than 20% of the assets of the material subsidiary during a financial year shall require prior approval of shareholders by special resolution, unless such disposal is made under a court-approved scheme.

7. Secretarial Audit of Material Unlisted Subsidiaries

Where applicable under SEBI LODR Regulations, material unlisted subsidiaries incorporated in India shall undertake secretarial audit.

8. Disclosure Requirements

This policy shall be:

- Disclosed on the website of the Company in accordance with Regulation 46 of SEBI LODR Regulations.
- Referenced in the Corporate Governance Report of the Company.

9. Review of the Policy

This policy shall be reviewed periodically by the Board of Directors to ensure compliance with applicable laws and regulatory requirements.

10. Amendments

The Board may amend this policy from time to time in accordance with changes in SEBI LODR Regulations, Companies Act, or other applicable laws.

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