# POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS

## 1. Background and Purpose

The Board of Directors of Dr Lalchandani Labs Limited ("the Company") has adopted this Policy on Related Party Transactions ("Policy") in accordance with:

- Section 188 and other applicable provisions of the Companies Act, 2013,
- Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and
- Other applicable laws and accounting standards.

The objective of this Policy is to ensure proper identification, approval, disclosure, and reporting of transactions between the Company and its related parties, ensuring transparency and compliance with applicable laws.

## 2. Objective

This policy aims to:

1. Ensure proper governance and transparency in related party transactions.
2. Prevent conflicts of interest between the Company and its related parties.
3. Ensure transactions are conducted on an arm's length basis and in the ordinary course of business wherever applicable.
4. Comply with regulatory requirements under SEBI LODR Regulations and the Companies Act, 2013.

## 3. Definitions

### (a) Related Party

A "Related Party" shall have the meaning as defined under:

- Section 2(76) of the Companies Act, 2013
- Regulation 2(1)(zb) of SEBI LODR Regulations
- Indian Accounting Standard (Ind AS) 24

Related parties shall include:

- Directors and Key Managerial Personnel (KMP)
- Relatives of Directors or KMP
- Entities where Directors or KMP have significant influence
- Holding, subsidiary, associate companies
- Any other person or entity as defined under applicable laws.

**(b) Related Party Transaction (RPT)**

A transaction involving transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged.

Examples include:

- Sale or purchase of goods
- Rendering or receiving services
- Leasing property
- Appointment of agents
- Availing or rendering financial assistance
- Transactions covered under Section 188 of the Companies Act

**(c) Material Related Party Transaction**

A transaction shall be considered material if it exceeds the threshold prescribed under Regulation 23 of SEBI LODR Regulations, as amended from time to time.

Currently, a transaction shall be material if the transaction(s) with a related party exceed 10% of the annual consolidated turnover of the Company.

Material RPTs require prior approval of shareholders.

**4. Identification of Related Parties**

The Company shall maintain an updated list of related parties based on:

- Disclosures received from Directors and KMP
- Corporate records
- Applicable accounting standards

Directors and KMP shall periodically disclose their interests in entities.

**5. Approval Mechanism**

**(a) Audit Committee Approval**

All related party transactions shall require prior approval of the Audit Committee.

The Audit Committee may grant omnibus approval for certain related party transactions subject to the following conditions:

- The transactions are repetitive in nature
- Maximum value of the transactions is specified
- Validity of approval shall not exceed one financial year

The Audit Committee shall review such transactions periodically.

**(b) Board Approval**

Transactions that fall under Section 188 of the Companies Act, 2013 and are not at arm's length or not in the ordinary course of business shall require approval of the Board of Directors.

Directors interested in the transaction shall abstain from participation in discussions and voting.

**(c) Shareholders' Approval**

Related party transactions shall require shareholders' approval through an ordinary resolution if they exceed the limits prescribed under:

- Section 188 of the Companies Act, 2013, or
- Materiality thresholds under SEBI LODR Regulations

Related parties shall abstain from voting on such resolutions.

**6. Arm's Length Transactions**

A transaction shall be considered to be at arm's length if it is conducted as if between two unrelated parties and there is no conflict of interest.

The Company shall maintain proper documentation to justify arm's length pricing.

**7. Review and Monitoring**

The **Audit Committee** shall:

- Review related party transactions on a **quarterly basis**
- Ensure transactions are **in compliance with applicable laws**
- Monitor transactions to ensure they remain **fair and reasonable**

**8. Disclosure Requirements**

The Company shall make disclosures regarding related party transactions in accordance with:

- SEBI LODR Regulations
- Companies Act, 2013
- Ind AS 24

Disclosures shall be made in:

- Financial Statements
- Board's Report
- Corporate Governance Report
- Stock Exchange Filings

Material related party transactions shall also be **disclosed on the Company's website**.

**9. Transactions Not Covered**

This policy shall not apply to transactions which are specifically exempted under the Companies Act, 2013 or SEBI LODR Regulations, including:

- Transactions between a holding company and its wholly owned subsidiary whose accounts are consolidated and placed before shareholders.

**10. Consequences of Non-Compliance**

Any related party transaction entered into without necessary approval may be:

- Voidable at the option of the Board or shareholders
- Subject to regulatory action
- Subject to disciplinary action against responsible employees.

**11. Review of the Policy**

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

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