

## POLICY ON MATERIALITY OF RELATED PARTY TRANSACTION AND DEALING WITH RELATED PARTY TRANSACTION

### Preamble

The Board of Directors (“the Board”) of **LEHAR FOOTWEARS LIMITED** (the “Company” or “Lehar”), has adopted the following Policy and procedure in relation to Related Party Transactions. The Policy envisages the procedure governing Related Party Transactions required to be followed by the Company to ensure compliance with the Law and Regulation.

This Policy will be applicable to the Company. This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable to the Company.

### Purpose

This policy is framed as per the requirements of Regulation 23 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any modification(s) / amendment(s)/re-enactment(s) thereof] (“Listing Regulations”) and in terms of Section 188 of the Companies Act, 2013 and is intended to ensure proper approval, disclosure and reporting requirements of transactions between the Company and its Related Parties.

Related Party Transactions are considered appropriate only if they are in the best interests of the Company and its Shareholders. The Company is required to disclose each year in the Financial Statements and in the Annual Report transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

### Definitions

“**Audit Committee or Committee**” means Committee of Board of Directors of the Company constituted under provisions of Section 177 of Companies Act, 2013 and as per Regulation 18 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, for audit related purpose.



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“**Board**” means Board of Directors of the Company.

“**Companies Act, 2013**” means the Companies Act, 2013 read with the Rules framed thereunder [including any modification(s) / amendment(s) / re-enactment(s) thereof].

“**Related Party Transaction**” means

- i. any transaction(s) involving transfer of resources, services or obligations between the Company or any of its subsidiaries and a related party of the Company or any of its subsidiaries, regardless of whether a price is charged.
- ii. any transaction(s) covered under Section 188 of the Act and the Rules framed thereunder and at present, includes the following:
  - a. Sale, purchase or supply of any goods or materials;
  - b. Selling or otherwise disposing of, or buying, property of any kind;
  - c. Leasing of property of any kind;
  - d. Availing or rendering of any service;
  - e. Appointment of any agent for purchase or sale of goods, materials, services or property;
  - f. Such related party’s appointment to any office or place of profit in the Company, its subsidiary company or associated company; and
  - g. Underwriting the subscription of any securities or derivatives thereof, of the Company.
- iii. such other transaction(s) as may be notified from time to time under the Act or the Regulations.

This Policy shall be subject to such clarifications, informal guidance and FAQs as may be issued by MCA and SEBI from time to time.

“**Material Related Party Transaction**” means a transaction with a related party if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds the lower of Rupees One thousand crores or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, subject to the following:

- Transaction(s) involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
- Transaction(s) as per the threshold limits approved by the Board from time to time and as appended to this Policy as **Annexure I**.

Provided that in case of any subsequent amendment in the applicable laws (including the Act and the Regulations, effecting any change in the above thresholds, the same shall deemed to be applicable for



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the purpose of this Policy.

“**Related Party**” means related party as defined under sub-section 76 of Section 2 of Companies Act, 2013 or under applicable accounting standards.

A ‘related party’ is a person or entity that is related to the Company. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, directly or indirectly, in making financial and/or operating decisions and includes the following:

- A.** A person or a close member of that person’s family is related to a company if that person:
- I.** is a related party under Section 2(76) of the Companies Act, 2013 which are as follows:
- i. a director or his relative;
  - ii. a key managerial personnel or his relative;
  - iii. a firm, in which a director, manager or his relative is a partner;
  - iv. a private company in which a director or manager [or his relative] is a member or director;
  - v. a public company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;
  - vi. anybody 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;
  - vii. any person under whose advice, directions or instructions a director or manager is accustomed to act: Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
  - viii. anybody corporate which is –
    - a holding, subsidiary or an associate company of such company;
    - a subsidiary of a holding company to which it is also a subsidiary; or
    - an investing company or the venturer of the company;
 Explanation: For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.
  - ix. Such other person as may be prescribed shall include a Director other than an Independent Director or Key Managerial Personnel of the Holding Company or his relative with reference to a Company, shall be deemed to be a related party.

**Provided that any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity shall be deemed to be a related party.**

“**Relative**” means relative as defined under the sub-section 77 of Section 2 of Companies Act, 2013 and



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includes anyone who is related to another, if –

- They are Members of a Hindu Undivided Family;
- They are Husband and Wife; or
- Father (including step-father)
- Mother (including step-mother)
- Son (including step-son)
- Son's wife
- Daughter
- Daughter's husband
- Brother (including step-brother)
- Sister (including step-sister)

“**Key Managerial Personnel**” means Key Managerial Personnel in relation to a Company as defined sub- section 51 of Section 2 of the Companies Act, 2013.

“**Control**” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and takeovers) Regulations, 2011.

“**Associate Company**” in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

Significant Influence: - means control of at least twenty per cent of total voting power, or control of or participation in business decisions under an agreement

Joint venture: means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the Net assets of the arrangement.

“**Industry Standards**” shall mean the Industry Standards on “Minimum information to be provided for Review of the Audit Committee and Shareholders for Approval of Related Party Transaction (RPT)” as notified by SEBI vide its circular dated February 14, 2025.

Any other term not defined herein shall have the same meaning as defined in the Act, the SEBI Listing Regulations or any other applicable law or regulation, each as amended.



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## Policy and Procedure

### Policy

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

All Related Party Transactions shall require prior approval of Audit Committee. Further, all Material Related Party Transactions shall require approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolutions.

### Procedure

#### A. Disclosure by Directors

Every Director shall at the beginning of the Financial Year provide information by way of written notice to the Company regarding his concern or interest in the entity with specific concern to parties which may be considered as related party with respect to the Company and shall also provide the list of relatives which are regarded as related party as per this policy. Directors are also required to provide the information regarding their engagement with other entity during the financial year which may be regarded as related party according to this policy.

#### B. Identification of Transaction with related Parties

The Company has formulated guidelines for identification of related party transactions in accordance with Section 188 read with Section 177 of the Act and Regulation 2(1)(zc) of the SEBI Listing Regulations. The Company has also formulated guidelines for determining whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company will seek external expert opinion, if necessary.

Once the related party transactions are identified, the Management shall categorize the transactions under the following categories as per the Industry Standards and place applicable disclosures before the Committee seeking approval:

- Material Related Party Transactions
- Other Related Party Transactions, but with promoter or promoter group or person/ entity in which promoter or promoter group has concern or interest.
- Residual Related Party Transactions.

#### C. Review and approval of Related Party Transaction

##### i. Audit Committee



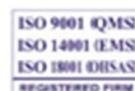
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Related party transactions are regularly referred to the scheduled meeting of Audit Committee for review and approval. Any member of the Committee or the Directors of the Board who has potential interest in any Related Party Transaction shall not participate / abstain from discussions / voting on the subject matter involving approval of Related Party Transaction.

All the transactions which are identified by the Audit Committee as related party transactions should be pre-approved by the Audit Committee before entering into such transaction. The Audit committee shall consider the following factors while deliberating the related party transactions for its approval: -

- Name of party and details explaining nature of relationship;
- Duration of the contract and particulars of the contract and arrangement;
- Nature of transaction and material terms thereof including the value, if any;
- Manner of determining the pricing to ascertain whether the same is on arm's length;
- Business rationale for entering into such transaction;
- Any other information relevant or important for the Board to take a decision on the proposed transaction.

Any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction. If the Committee determines that the related party transaction is

- (i) a material related party transaction; or
- (ii) transactions are not in the ordinary course of business or not at the arm's length price, the Audit Committee shall place the matter before the Board for obtaining its approval.

In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- Whether the terms of the Related Party Transaction are **fair and on arm's length basis** to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- Whether there are any **compelling business reasons / rationale** for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- Whether the Related Party Transaction would **affect the Independence of an Independent Director**; Whether the proposed transaction includes **any potential reputational risk issues** that may arise as a result of or in connection with the proposed transaction;
- Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre- approval was not sought and whether subsequent ratification is allowed and would be



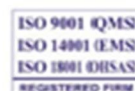
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detrimental to the Company; and

- Whether the Related Party Transaction would present an improper conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director, Executive Officer or other Related Party, the direct or indirect nature of the Director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

- a) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- b) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- c) Such omnibus approval shall specify
  - (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into,
  - (ii) the indicative base price / current contracted price and the formula for variation in the price if any and
  - (iii) such other conditions as the Audit Committee may deem fit;

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 Crore (Rupee One Crore) per transaction.

- d) Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.
- e) Such omnibus approvals shall be valid for a period not exceeding 1 (one) year and shall require fresh approvals after the expiry of 1 (one) year.

## ii. Board of Directors



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Where approval of Board of Directors is required for any related party transaction or if the Board in any case elects to reviews any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

### iii. Shareholder approval

All the transactions with related parties exceeding the materiality thresholds, laid down in the Policy, are placed before the shareholders for approval. In case Board refers a Related Party Transaction for seeking approval of the Shareholders as per the provisions of Companies Act 2013 or otherwise, if any member of Company is a related party as per this policy, such member of the Company shall not vote on resolution passed for approving such related party transaction.

#### 1. Transactions which do not require approval

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee:

- (a) Any transaction involving the providing of compensation to a director or Key Managerial Personnel in connection with his duties to the Company including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- (b) Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.
- (c) Remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material.

#### 2. Related Party Transactions not approved under this Policy

If a Related Party Transaction is entered into by the Company without being approved under this Policy, the same shall be reviewed by the Committee. The Committee shall evaluate the transaction and may decide such action as it may consider appropriate including ratification, revision or termination of the Related Party Transaction, to the extent permissible under the law.



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In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

- i. the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- ii. the transaction is not material in terms of the provisions of sub-regulation (1) of this regulation;
- iii. rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- iv. the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of this regulation;
- v. any other condition as specified by the audit committee:

### Disclosure

- Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- The Company shall disclose the policy on dealing with Related Party Transactions on its website.

### Amendment

Any change in the Policy shall be approved by the Board of Directors of the Company. The Board of Directors shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. Any subsequent amendment/modification in the Companies Act, 2013 or the Rules framed thereunder or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

**This policy (including the thresholds) shall be reviewed by the Board of Directors at least once in three years and/or as and when required and updated accordingly.**

### Communication of this Policy



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### Annexure A

Category of Transactions	Limit
Sale, purchase or supply of any goods or services, directly or through appointment of agent	10% or more of the turnover
Selling or otherwise disposing of, or buying, property of any kind, directly or through appointment of an agent	10% or more of the net worth
Leasing of property of any kind	10% or more of the turnover
Availing or rendering of any services, directly or through appointment of an agent	10% or more of the turnover
Appointment to any office or place of profit in the company, its subsidiary company or associate company	At a monthly remuneration exceeding Rs. 2.50 lakh
Remuneration for underwriting the subscription of any securities or derivatives thereof, of the Company	Exceeding 1% of net worth

#### Notes:

1. Limits would apply to transactions entered into individually or taken together with previous transactions during a financial year.
2. Turnover and Net worth shall be computed on the basis of the audited balance sheet of the preceding financial year.

\*Related Party Transaction policy was review and approved by the Board in its Meeting held on 14<sup>th</sup> March, 2022.

\*Related Party Transaction policy was review and approved by the Board in its Meeting held on 24<sup>th</sup> March, 2025.



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