



TEMBO GLOBAL INDUSTRIES LIMITED
(CIN: - L29253MH2010PLC204331)

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Registered Office:-

Plot No- PAP D- 146/ 147, TTC MIDC, Turbhe ,Navi Mumbai-400705

Contact No:- +91-2562-239080 , Fax No:- 02562-239332

Website:- www.nut-clamps.com , E-Mail Id:- info@sakethexim.com

POLICY ON RELATED PARTY TRANSACTIONS

1. APPLICABILITY AND EFFECTIVE DATE

The policy will be applicable with effect from 1st October 2018 to regulate transactions between the Company and its Related Parties based on the applicable laws, rules and regulations.

2. PURPOSE

The policy is framed as per requirement of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. This Policy shall supplement other Policies & practices/ Delegation of Powers / Manuals etc. of the Company

3. DEFINITIONS

3.1 "Act" means Companies Act 2013 and rules made there under modified or amended from time to time

3.2 "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 as defined in explanation (b) to Section 188 (1) of the Companies Act, 2013

3.3 "Associate Company" in relation to another company, means a company 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.

Explanation- For the purposes of this clause, "significant influence" means control of at least twenty percent of total voting power or control of or participation in the 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.

3.4 "Audit Committee" means the Audit Committee of the Board constituted under the provisions of Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.

3.5 "Board" means the Board of Director of Tembo Global Industries Limited



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3.6 "Key Managerial Personnel" in relation to Tembo Global Industries Limited means:

- (i) Managing Director
- (ii) Company Secretary (iii) Whole-time Directors
- (iv) Chief Financial Officer
- (v) such other officer, not more than one level below the directors who is whole-time employment, designated as key managerial personnel by the Board, and
- (vi) Such other officer as may be prescribed by the Act.

3.7 "Material Related Party Transaction" means a transaction with a related party which individually or taken together with previous transactions during the financial year, exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

Notwithstanding the above a transaction 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 two percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the company.

3.8 "Ordinary Course of Business includes but is not limited to a term for activities that are necessary normal and incidental to the business. Following factors can be taken for determining the term ordinary course of business:-

- (i) is normal or otherwise for the particular business (ie features, system, processes, advertising, staff training, etc.)
- (ii) is frequent and regular
- (ii) is a source of income to the business
- (iv) involves significant allocation / investment of resources.
- (v) is involved in a service or product that is offered to customers



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3.9 "Regulation" means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any modification thereof.

3.10 "Related Party"-Parties are considered to be related if at any time during the reporting period one party has the ability to control the other party or exercise significant influence over the other party in making financial and / or operating decisions and includes the following persons/ parties as stated in Section 2 (76) of the Companies Act, 2013:

- (1) a Director or his relative;
- (2) a Key Managerial Personnel or his relative;
- (3) a firm, in which a Director, manager or his relative is a partner;
- (4) a private company in which a director or manager or his relative is a member or director;
- (5) a public company in which a director or manager is a director and holds along with his relatives, more than 2% of its paid-up share capital;
- (6) Any body 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;
- (7) any person on whose advice, directions or instructions a director or manager is accustomed to act;
- (8) Provided that nothing in sub-clauses (6) and (7) shall apply to the advice, directions or instructions given in a professional capacity;
- (9) any body corporate which is

A a holding, subsidiary or an associate company of such company. or

B. a subsidiary of a holding company to which it is also a subsidiary or

C. an investing company or the venturer of the company;

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.

(10)a Director (other than an Independent Director) or KMP of the holding company or his relative with reference to a company

(11)any person or entity belonging to the promoter or promoter group of the company and holding 20% or more of shareholding in the company.

(12)such entity is a related party under the applicable Indian Accounting Standard

3.11 "Related Party Transaction" (RPT) means any transaction between the Company and any Related Party for transfer of resources, services or obligations, regardless of whether a price is charged which may include:-



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- (i) sale, purchase or supply of any goods or material;
- (ii) selling or otherwise disposing of or buying property of any kind;
- (iii) leasing of property of any kind;
- (iv) availing or rendering of any services;
- (v) appointment of any agent for purchase or sale of goods, materials, services or property;
- (vi) such related party's appointment to any office place of profit in the company, its subsidiary company or associate company and
- (vii) underwriting the subscription of any securities or derivatives thereof, of the company

3.12 "Relative" means:

1. Members of HUF
2. Spouse
3. Father includes step-father
4. Mother includes the step-mother
5. Son includes the step-son
6. Son's wife
7. Daughter
8. Daughter's husband
9. Brother includes the step-brother
10. Sister includes the step-sister

3.13 "Subsidiary Company" means subsidiary company as defined in Section 2(87) of the Companies Act, 2013

3.14 "Threshold Limit" means financial limits of related party transactions as per Annexure-2 of this Policy



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3.15 "Transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract.

4. PROCESS OF APPROVAL FOR RELATED PARTY TRANSACTIONS

All Related Party Transactions entered into with effect from 01 10 2018 shall be subject to the approval of the Audit Committee in accordance with this Policy The approval of the competent authority as per this policy can be granted by way of circulation also An Illustrative list of related party transaction is at Annexure-1.

In exceptional cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances, the competent authority as per this policy may ratify the transactions in accordance with this Policy

The concerned Functional Directors shall place an agenda before the Audit Committee and/ or Board of Directors of all Related Party Transaction(s) requiring approvals (including omnibus approval or ratification) in accordance with this policy:

Functional Director(s) shall also be responsible to place the agenda for review of the Audit Committee on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval obtained under Point 4.1 of this Policy. Approval of the Audit Committee / Board / shareholders, if required shall be obtained from respective approving authority under

| Details of Transaction(s) | Approving Authority |
|------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| All Related Party Transactions and any subsequent modification | Audit Committee |
| RPTS which are not in ordinary course of Business or not on arm length basis or both (less than threshold limit) | Recommendation by Audit Committee to Board and Approval by the Board |
| RPTS which are not in ordinary course of Business or not on am length basis or both (beyond threshold limit) | Recommendation by Audit Committee to Board, Recommendation by the Board to Shareholders and Approval by the Shareholders |

Provided that approval of the Shareholders shall not be required for material related party transactions in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.



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While submitting the proposal for approval of Audit Committee! Board / shareholders, the following details shall be provided

- a name of the related party and nature of relationship, nature of transaction period of transaction, maximum amount of transaction that can be entered into;
- particulars of the contract or arrangement including material terms of and the value, if any;
- any advance paid or received for the contract or arrangement, if any;
- manner of determining the pricing (indicative base price/ current contracted price and the formula for variation the price, if any) and other commercial terms both included as part of contract and not considered as part of the contract;
- whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors, and
- any other information relevant or important for the approving authority to take a decision on the proposed transaction.

Every director of a company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into-

(a) with a body corporate in which such director or such director in association with any other director, holds more than two per cent shareholding of that body corporate, or is a promoter, manager, Chief Executive Officer of that body corporate, or

(b) with a firm or other entity in which such director is a partner owner or member as the case may be, shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in such meeting:

Provided that where any director who is not so concerned or interested at the time of entering into such contract or arrangement he shall, if he becomes concerned or interested after the contract or arrangement is entered into disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of the Board held after he becomes so concerned or interested.

No member of the Company shall vote on resolution, to approve any contract or arrangement which may be entered into by the company, if such member is a related party.

However, the approval shall not be required in the following cases.

(a) transactions entered into between two government companies;



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(b) transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

Explanation - For the purpose of clause (a), "government company(ies)" means Government Company as defined in sub-section (45) of section 2 of the Companies Act, 2013

The provisions of this regulation shall be applicable to all prospective transactions. All existing material related party contracts or arrangements entered into prior to the date of notification of these regulations and which may continue beyond such date shall be placed for approval of the shareholders in the first General Meeting subsequent to notification of these regulations.

4.1 Omnibus Approval

Audit Committee may grant omnibus approval for Related Party Transactions subject to the following conditions:

1. Transactions are frequent regular/ repetitive in nature and are in the normal course of business of the Company.

2. such omnibus approval is in the best interest of the company.

3. Where related party transaction cannot be foreseen and firm details are not available

4. The transaction value does not exceed Rs.1crore (Rupees one crore)

5. Omnibus approval shall specify:

(1) 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.

6. Audit Committee shall review at least on a quarterly basis the details en related party transactions entered into by the company pursuant to each of the omnibus approvals given.

7. The omnibus approval shall be valid for a period not exceeding one year.



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4.2. Approval of the Board and Shareholders - Mechanism

Prior approval of Board and/or Shareholders (as the case may be) in case of specified Related Party Transaction(s) as per section 188(1) of the Companies Act, 2013 read with applicable Rules to the Companies Act, 2013 are required in the following cases:

Prior approval of the Board at a meeting - Transactions which are not in ordinary course of business or not on arm's length basis

Prior approval of the Shareholders - Transactions which are not in ordinary course of business or not on arm's length basis and beyond threshold limits.

4.3. Ratification of Related Party Transactions

a. If prior approval of the Audit Committee Board/Shareholders for entering into a Related Party Transaction is not feasible, then the Related Party Transaction shall be ratified by the Audit Committee /Board Shareholders required within 3 (three months of entering in the Related Party Transaction

b. In case Related Party Transaction is not ratified within the specified period, such contract or arrangement shall be voidable at the option of the Board or of the shareholders (as the case may be) and if the contract or arrangement is with a related party to any Director or is authorized by any other Director the Directors concerned shall indemnify the company against any loss incurred by it.

c. In any case where either the Audit Committee Board/ Shareholders determines not to ratify a Related Party Transaction that has been commenced without approval, may direct additional actions including, but not limited to, immediate discontinuation of the transactions, or modification of the transaction to make it acceptable for ratification. In connection with any review of a Related Party Transaction, the Audit Committee Board/ Shareholders has authority to modify or waive any procedural requirements of this Policy in the best interest of the Company.

4.4. Disclosures

a. Every Contract or arrangement entered with Related Parties with the approval of Board / Shareholders in line with Section 188 of the Companies Act 2013 shall be reported in the Board's Report to the shareholders along with the justification for entering into such contract or arrangements.

b. Details of all Material Related Party Transactions shall be disclosed quarterly along with the compliance report on corporate governance submitted to stock exchanges where shares are listed.



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c. The Company shall disclose the Policy of Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report

d. Name of all related parties & nature of relationships & details of all related party transactions shall be disclosed in the financial statement as per applicable Indian Accounting Standard

e. Enter all Contracts or Arrangements with a related party with respect to transactions approved by the Board and Members of the Company in a Register prescribed

5. Modification I Amendment / Review of the Policy

Modification / Amendment, if any to this policy shall be made with the approval of the Chairman and Managing Director of the Company. However, the policy shall also be reviewed by the Board of Directors at least once in every three years.



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Annexure-1

Some illustrative examples of Related Party Transactions

- Grant of Loan, Corporate Guarantee or Letter of Comfort in connection with or without Loan
- Fumishing or acceptance of Bank Guarantees
- Equity contribution in cash or kind
- Consultancy services to the JVs and subsidiaries and vice versa
- Leasing of accommodation
- Deputation of officials to Subsidiary Associate-V9
- Selling or otherwise disposing of or buying property of any kind
- Appointment of any agent for purchase or sale of goods materials, services or Property
- Transfer of equipment to any of its subsidiary or JV Company and vice- versa



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Annexure-2

Financial limits requiring approvals for Related Party Transactions

| S. No. | Specified RPT(s) u/s 188(1) of Companies Act, 2013 | the Threshold limits for approval of the Shareholders |
|--------|------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| | sale, purchase or supply of any goods or materials directly appointment of agent(s) or through agent(s) | 10% or more of the turnover of the Company or Rs. 100 crore, whichever is less. |
| | selling or otherwise disposing of, or buying property of any kind directly or through appointment of agent(s) | 10% or more of net worth of the Company or Rs. 100 crore, whichever is less |
| | Leasing of property of any kind directly or through appointment of agent(s) | 10% or more of the net worth of the Company or 10% or more of turnover of the Company or Rs. 100 crore whichever is less |
| | availing or rendering of any services directly or through appointment of agent(s) | 10% or more of the turnover of the company or Rs. 50 crore whichever is less |
| | such related party's appointment to any office or place of profit in the company its subsidiary company or associate company | At a monthly remuneration exceeding Rs 250 lakhs |
| | underwriting the subscription of any securities or derivatives thereof of the company | Exceeding 1% of the net worth |

Explanation(s)

- limits specified in sub-clauses a) to d) shall apply for transaction or transactions be entered into either individually or taken together with the previous transactions during a financial year
- turnover or net worth shall be computed on the basis of the Audited Financial Statement of the preceding Financial Year