

ACTION CONSTRUCTION EQUIPMENT LIMITED

CODE OF BUSINESS CONDUCT AND ETHICS

INTRODUCTION & BACKGROUND

As a responsible corporate citizen, Action Construction Equipment Limited ('ACE' or "the Company") has always believed in following highest standards of Corporate Governance. Being a listed Company, every act of the Company, its Board Members and its employees is the focus of public attention and accordingly, there is a need to reinforce commitment towards maintaining highest standards of Corporate Governance.

This Code of Business Conduct and Ethics ("Code of Conduct" or "Code") helps ensure compliance with our standards of business conduct & ethics and also with regulatory requirements. All Senior Management Personnel are expected to read and understand this Code of Business Conduct and Ethics, uphold these standards in day-to-day activities and also comply with all applicable standards, policies and procedures of the company.

DEFINITIONS

For the purpose of this Code,

"Board" means Board of Directors of the Company.

"Board Member" means every director of the Company as may be appointed from time to time.

"Code of Conduct" means this Code of Conduct for members of the Board and Senior Management Personnel including modifications made thereto from time to time.

"Company" means Action Constriction Equipment Limited.

"Senior Management Personnel" means a personnel of the Company who are members of its core management team excluding Board of Directors and will comprise all members of management one level below the executive directors, including all functional heads.

"Relative" shall have the same meaning as defined in Section 2(77) of the Companies Act, 2013.

APPLICABILITY

This Code of Conduct is applicable to all Senior Management Personnel which would include the Directors of the Company, the top management personnel & all functional heads (including management personnel with direct functional reporting to directors & top management personnel). All Senior Management Personnel are expected to comply with the letter and spirit of this Code. The Senior Management Personnel should continue to comply with other applicable laws & regulations and the relevant policies, rules and procedures of the Company.

This Code of Conduct (CODE) was approved by the Board of Directors of the Company at their meeting held on held on 05.02.2015.

INTERPRETATION OF THE CODE

In this Code, words importing the masculine shall include feminine and words importing singular shall include the plural or vice versa. Any question or interpretation under this Code of Business Conduct and Ethics will be considered and dealt with by the Board or any person authorized by the Board on their behalf.

COMPLIANCE WITH APPLICABLE LAWS & REGULATIONS

Senior Management Personnel must comply and where applicable, oversee compliance by employees with all the laws, rules and regulations applicable to the Company and its employees. Each Senior Management Personnel must acquire appropriate knowledge of the requirements relating to his duties sufficient to enable him to recognize potential noncompliance issues and to know when to seek advice from the Secretarial Department on specific Company policies and procedures.

No payment or transaction should be made or undertaken, by a Senior Management Personnel or authorized or instructed to be made or undertaken by any other person of the Company if the consequence of that transaction or payment would be the violation of any law in force.

HONESTY, INTEGRITY & ETHICAL CONDUCT

Senior Management Personnel shall act in accordance with the highest standards of integrity, honesty, fairness and ethical conduct while working for the Company as well when representing the Company. Honest conduct means conduct that is free from fraud or deception. Integrity & ethical conduct includes ethical handling of actual or apparent conflicts of interest between personal and professional relationships. Senior Management Personnel should promote ethical behavior and take steps to ensure that the Company promotes ethical behavior and also encourages employees to freely report violations of laws, rules, regulations or the Company's Code of Conduct to the appropriate personnel.

DUTIES OF INDEPENDENT DIRECTORS

- (1) To undertake appropriate induction and regularly update and refresh your skills, knowledge and familiarity with the Company;
- (2) To seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the Company;
- (3) To strive to attend all meetings of the Board and of the Board committees of which they are member;
- (4) To participate constructively and actively in the committees of the Board in which they are member;
- (5) To strive to attend the general meetings of the Company;

- (6) To where the independent director have concerns about the running of the Company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that the independent director's concerns are recorded in the minutes of the Board meeting;
- (7) To keep him well informed about the Company and the external environment in which it operates;
- (8) Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (9) To pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure yourself that the same are in the interest of the Company;
- (10) To ascertain and ensure that the Company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- (11) To report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy;
- (12) To act within your authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
- (13) Not disclose Confidential Information, unless such disclosure is expressly approved by the Board or required by law;
- (14) Subject to the provisions of the Act, act in accordance with the Articles of Association of the Company;
- (15) Act in good faith in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interests of the Company, its employees, the shareholders, the community and for the protection of environment;
- (16) Exercise your duties with due and reasonable care, skill and diligence and exercise independent judgment;
- (17) Not involve himself in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company;
- (18) Not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates; and
- (19) not assign your office.

CONFLICT OF INTEREST

Senior Management Personnel must avoid and promptly disclose to the Company potential conflicts of interest regarding any matters concerning the Company (including its subsidiaries & joint ventures). A

conflict of interest exists where the interests or benefits of Senior Management Personnel conflict with the interests or benefits of the Company.

BUSINESS INTEREST

If any Senior Management Personnel is considering investing in any customer, supplier, developer or competitor of the Company, he or she must first take care to ensure that these investments do not compromise on his/her responsibilities to the Company. Several factors are involved in determining whether a conflict exists, including the size and nature of the investment; the Senior Management Personnel's ability to influence the Company's decisions; his access to confidential information of the Company and the nature of the relationship between the Company and the other company or person. Accordingly, it is appropriate that the Senior Management Personnel make a disclosure to the Company Secretary before making such an investment and obtains a "pre-approval"/"no objection".

RELATED PARTY TRANSACTIONS

A Senior Management Personnel or any of his relatives/associates should not derive any undue personal benefit or advantage by virtue of his position or relationship with the Company. As a general rule, Senior Management Personnel should avoid conducting Company business with a relative, or dealing with a business in which a relative is associated in any significant role. Any dealings with a related party must be conducted in such a way that no preferential treatment is given and adequate disclosures are made as required by law and as per the applicable policies of the Company.

BUSINESS OPPORTUNITIES

Senior Management Personnel should not exploit for their own benefit, opportunities that are discovered through the use of corporate property, information or position unless the opportunity is disclosed fully in writing to the Company's Board of Directors through Company Secretary and the Board of Directors authorizes the said Senior Management Personnel to pursue such opportunity. Further, the Senior Management Personnel must refrain from using the Company's property or information for personal gain.

INSIDER TRADING

A Senior Management Personnel and his relatives shall not derive any benefit or assist others to derive any benefit from the access to and possession of information about the Company, which is not in the public domain and thus constitutes insider information. All the Senior Management Personnel are required to comply with the Company's Code of Conduct on prevention of Insider trading.

EQUAL OPPORTUNITY & ANTI HARASSMENT

ACE is committed to a policy of equal employment opportunity so as to assure that there shall be no discrimination or harassment against an employee or applicant on the grounds of race, color, religion, sex, age, marital status, disability, national origin, or any other factor made unlawful by applicable laws and regulations. This policy relates to all phases of employment including recruitment, hiring, placement, promotion, transfer, compensation, benefits, training, educational, social and recreational programs and the use of Company facilities. Sexual harassment or exploitation is specifically prohibited.

REPORTING

Company Secretary shall be the Compliance Officer for the purpose of this Code. Senior Management Personnel are required to report observed violations of the Code and illegal or unethical behavior to the Compliance Officer who report to the Board of Directors. All reports will be treated in a confidential manner and it is Company's policy to not allow retaliation for reports made in good faith of misconduct by others. In accordance with an established, documented & approved process the Company will undertake review & where appropriate, investigations of alleged violations or misconduct. Senior Management Personnel are expected to cooperate in internal investigations of misconduct and violations of this Code.

DISCIPLINARY ACTIONS

The matters covered in this Code of Business Conduct and Ethics are of the utmost importance to the Company, its stockholders and its business partners, and are essential to the Company's ability to conduct its business in accordance with its stated values. We expect all of our Senior Management Personnel to adhere to these rules in carrying out their duties for the Company.

The Company will take appropriate action against any Senior Management Personnel whose actions are found to violate these policies or any other policy of the Company. Disciplinary actions may include immediate termination of directorship, employment or business relationship at the Company's sole discretion.

WAIVERS & AMENDMENTS

Any waiver of any provision of this Code for a member of the Company's Board of Directors or a Senior Management Personnel must be approved in writing by the Company's Board of Directors and appropriately disclosed. Based on the business requirements and applicable regulations the Code may be amended by the Board of Directors from time to time.

CONFIDENTIALITY

Senior Management Personnel must maintain the confidentiality of sensitive information (that is not in public domain) relating to the Company which comes to their knowledge in the course of the discharge of their functions and any other confidential information about the Company that comes to them, from whatever source, except when disclosure of any such information is authorized or legally mandated. No Senior Management Personnel shall provide any confidential or sensitive information either formally or informally, to the press or any other publicity media, unless specifically authorized to do so.

ACKNOWLEDGEMENT

All Senior Management Personnel acknowledges that they have read and understood, and agreed to comply with the Code.