ACTION CONSTRUCTION EQUIPMENT LIMITED

CIN:L74899HR1995PLC053860

REGISTERED AND CORPORATE OFFICE: DUDHOLA LINK ROAD, DUDHOLA, DISTT. PALWAL-121102,

HARYANA, INDIA, EMAIL: CS@ACE-CRANES.COM, WEBSITE: WWW.ACE-CRANES.COM,

Phone: +91-1275-280103, Fax:+91-1275-280133

POLICY FOR DETERMINING "MATERIAL" SUBSIDIARIES

Last updated on May 20, 2026

1. INTRODUCTION

This policy is called "**ACTION CONSTRUCTION EQUIPMENT LIMITED – POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**" (hereinafter referred to as "this Policy").

This Policy intends to comply with the requirements of Regulation 16 and Regulation 24 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as may be amended from time to time, to determine material subsidiaries of the Company.

Action Construction Equipment Limited (hereinafter referred to as "the Company") has investments in various subsidiaries. This Policy shall apply for determining whether a subsidiary is a material subsidiary of the Company.

2. DEFINITION

a. "**Act**" means the Companies Act, 2013 including the rules, schedules, clarifications and guidelines issued and amended by the Ministry of Corporate Affairs, from time to time.

b. "**Audit Committee**" shall mean the Audit Committee of the Board of Directors of the company constituted in accordance with the provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

c. "**Board**" **or** "**Board of Directors**" refers to the Board of Directors of the company as constituted from time to time.

d. "**Company**" means Action Construction Equipment Limited.

e. "**Listing Regulations**" means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any amendment thereto and/or modification thereof from time to time, and includes any circulars, guidelines, directions and industry standards, issued thereunder or in relation thereto.

f. "**Material Subsidiary**" means a subsidiary whose turnover or net worth exceeds ten percent (10%) of the consolidated turnover or net worth respectively of the Company and its subsidiaries in the immediately preceding accounting year.

g. "**Subsidiary**" **or** "**Subsidiaries**" shall mean subsidiaries of the Company as defined under the Act and as per the applicable accounting standards.

h. "**Turnover**" means the gross amount of revenue recognised in the profit and loss account from the sale, supply, or distribution of goods or on account of services rendered, or both, by a company during a financial year.

Words, terms and expressions used and not defined in this Policy shall have the meaning as set out in the (i) Listing Regulations, (ii) Act, (iii) Securities and Exchange Board of India Act, 1992, and (iv) any other law applicable to the Company for the time being in force and/or as may be restated and/or modified from time to time.

3. POLICY

A subsidiary shall be considered as Material if-

- The turnover or net worth of such subsidiary exceeds ten percent of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

The Management of the Company shall monitor and ensure that as and when any of the subsidiary is determined as a Material Subsidiary the same shall be intimated to the Audit Committee. The Audit Committee shall review the same and make suitable recommendations to the Board to ensure compliance with the Listing Regulations in this regard.

The Company and its unlisted material subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice who shall be a peer reviewed company secretary, in such form as may be specified, from time to time.

Explanation:

i. “Secretarial Auditor” means a Company Secretary in Practice or a firm of Company Secretary(ies) in practice appointed to conduct the Secretarial Audit.

ii. “Peer Reviewed Company Secretary” means a Company Secretary in practice, who is either practicing individually or as a sole proprietor or as a partner of a Peer Reviewed Practice Unit, holding a valid certificate of peer review issued by the Institute of Company Secretaries of India

4. REQUIREMENTS REGARDING MATERIAL SUBSIDIARY

The Company, without passing a special resolution in its General Meeting, shall not:-

- Dispose shares in the material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or

- Cease the exercise of control over the material subsidiary or

- Sell, dispose or lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year,

unless in cases where the divestment/ sale/ disposal/ lease is made under a scheme of arrangement duly approved by a court/tribunal or under a resolution plan duly approved under section 31 of the insolvency code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

Nothing contained herein shall be applicable if such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the company.

The Company shall follow such governance procedures in relation to Material Subsidiary as may be outlined in the Listing Regulations and the Act from time to time.

5. REQUIREMENTS REGARDING UNLISTED MATERIAL SUBSIDIARY

At least one Independent Director on the Board of the Company shall be a Director on the Board of the unlisted material subsidiary company, whether incorporated in India or not.

For the purpose of this clause, the term "material subsidiary" shall mean a subsidiary, whose turnover or net worth exceeds twenty percent of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

A list of such unlisted Material subsidiaries shall be presented to the Audit Committee annually for its noting.

The Audit Committee of the Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company.

The Minutes of the meetings of the Board of Directors of the unlisted Material Subsidiary shall be placed before the Board of the Company.

6. DISCLOSURES

This Policy shall be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report of the Company.

7. AMENDMENTS TO THE POLICY

The Company is committed to continuously reviewing and updating its policies and procedures. Therefore, this Policy is subject to modification. This Policy will be reviewed by the Board of Directors of the Company periodically as and when required and at least once every three years. This Policy and every subsequent modification, alteration or amendment made thereto, shall be promptly disclosed on the Company's website at www.ace-cranes.com

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

****