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

NOMINATION AND REMUNERATION POLICY

Last Updated on May 20, 2026

PREAMBLE

This Nomination and Remuneration Policy of Action Construction Equipment Limited ("the Policy") has been formulated in accordance with the provisions of Section 178 of the Companies Act, 2013 ("the Act") read with the applicable rules thereunder, and Regulation 19 read with Schedule II Part D of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"), as amended from time to time.

The Policy outlines the role of the Nomination and Remuneration Committee ("the Committee" or "NRC") and the Board of Directors of Action Construction Equipment Limited in determining the criteria for Board membership, approving and recommending compensation packages and policies for Directors, Key Managerial Personnel and Senior Management, and laying down the effective manner of performance evaluation of the Board, its Committees, and individual Directors.

OBJECTIVE

The Remuneration Policy of Action Construction Equipment Limited (the "Company") is designed to attract, motivate, improve productivity and retain manpower, by creating a congenial work environment, encouraging initiatives, personal growth and teamwork, and inculcating a sense of belongingness and involvement, besides offering appropriate remuneration packages and other benefits to the Directors, KMP and Senior Management.

The guiding principle is that the remuneration and the other terms of employment should effectively help in attracting and retaining committed and competent personnel. While designing remuneration packages, industry practices and cost of living are also taken into consideration.

The following shall be the broad responsibilities of the Nomination and Remuneration Committee:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors a policy relating to the remuneration of the Directors, KMP and other employees;

- For every appointment of an Independent Director, evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director;

- Devising a policy on diversity of the Board of Directors;

- formulation of criteria for evaluation of performance of independent directors and the board of directors;

- whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.

- Recommend/Ratify to the board, all remuneration, in whatever form, payable to senior management

CONSTITUTION

The Committee shall comprise at least three Directors, all of whom shall be Non-Executive Directors, and at least two-thirds shall be Independent Directors, with the Chairperson being an Independent Director. The Chairperson of the listed entity, whether executive or non-executive, may be appointed as a member of the NRC but shall not chair such Committee.

The Chairperson of the Committee, or in case of his/her absence, any other person authorised by him/her, may attend the general meetings of the Company. The quorum for a meeting of the NRC shall be either two members or one-third of the members of the committee, whichever is greater, including at least one Independent Director. The Committee shall meet at least once in every financial year. Additional meetings may happen as the Committee deems appropriate. The Committee may conduct its meetings physically or through video conferencing or other audio-visual means as permitted under applicable law.

MEANING OF TERMS USED

a. **"Act"** means the Companies Act, 2013 including the rules, schedules, clarifications, notifications, circulars, and guidelines issued by the Ministry of Corporate Affairs and any amendment thereto and/or modification thereof from time to time.

b. **"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.

c. **"Board"** refers to the Board of Directors of Action Construction Equipment Limited.

d. **"Company"** or "ACE" refers to Action Construction Equipment Limited, having its Registered and Corporate Office at Dudhola Link Road, Dudhola, Distt. Palwal-121102, Haryana, India.

e. **"Senior Management"** shall comprise the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the persons identified and designated as key managerial personnel, other than the board of directors, by the listed entity

f. **"Key Managerial Personnel" or "KMP"** means the Managing Director, Whole-time Director, Chief Executive Officer, Company Secretary and Chief Financial Officer of the Company.

g. **"Rules"** means Companies (Meetings of Board and its Powers) Rules, 2014 including any modifications and/or amendments thereof from time to time or any other applicable rules under Companies Act 2013.

Words and expressions used and not defined in this Policy but defined in the Act or the Listing Regulations shall have the same meanings respectively assigned to them in the Act or the Listing Regulations.

ROLE AND RESPONSIBILITY

The role and responsibility of the Committee shall be to undertake the specific duties listed below. The Committee will also have the authority to undertake such other specific duties as the Board prescribes from time to time. The below-mentioned roles and responsibilities are derived from the terms of reference of the Committee as determined and approved by the Board:

A. BOARD MEMBERSHIP

1. CRITERIA FOR APPOINTMENT AS A DIRECTOR.

The Committee shall formulate criteria, and review them on an ongoing basis, for determining qualifications, skills, expertise, qualities, and positive attributes required to be a Director of the Company. The criteria shall be beneficial to the Company and shall consider the qualities, including independence for Independent Directors, and expertise essential for the Company to operate effectively in a changing business environment.

The following are the criteria recommended by the Committee and approved by the Board for nominating/inducting a Director on the Board:

- Composition of the board, taking into consideration the size of the company and the requirements of law;
- Diversity on the board including gender, skills, industry experience and professional background;
- Optimal balance of skills, relevant experience and professional qualifications;
- Expertise and experience in a specific area of business relevant to the company;
- Integrity, qualifications, expertise and experience of the person;
- No present or potential conflict of interest;
- Availability of time and other commitments for proper performance of duties;
- Personal characteristics in line with the company’s values, such as integrity, honesty and transparency; and
- Any other criteria which may be added by the board at its discretion.

2. IDENTIFY PERSONS AS POTENTIAL CANDIDATES WHO ARE QUALIFIED TO BE APPOINTED AS DIRECTORS.

The Committee shall identify persons who are qualified to become Directors and who satisfy the criteria laid down. The process of identification shall include ascertaining, meeting, screening, and reviewing candidates for appointment as Directors, whether Independent, Non-Executive, or Executive. Existing Directors who continue to satisfy the criteria may also be considered by the Committee for re-appointment. The re-appointment of Directors shall be recommended by the Committee after taking into consideration the performance of such Director.

3. NOMINATION OF CANDIDATES FOR APPROVAL OF THE BOARD.

The Committee, on being satisfied that a potential candidate meets the criteria and having completed the identification and selection process, will recommend such person's candidature to the Board for appointment as a Non-Executive Director, Independent Director or Executive Director, as the case may be.

The Committee may, inter alia, recommend candidates to the Board when:

- Any vacancy in the Board is required to be filled due to retirement, resignation or removal;
- Any vacancy arises out of the annual Board/Director performance evaluation;
- Any vacancy arises as a result of the end of tenure in accordance with the Act, Rules and the Listing Regulations;
- Any change is required in the Board on account of diversity; or
- Any change is required by law.

B. PERFORMANCE EVALUATION OF BOARD, ITS COMMITTEES AND DIRECTORS, INCLUDING MANAGING DIRECTOR AND WHOLE TIME DIRECTORS.

1. PROCESS FOR EFFECTIVE EVALUATION.

The Committee shall determine a process for evaluating the performance of every Director including Managing Director and Whole Time Director, Committees of the Board, and the Board as a whole on an annual basis. The Committee shall also review its own performance on an annual basis and present its analysis and recommendations to the Board. The Committee may seek the support and guidance of external independent experts and agencies for this purpose.

The performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the Director being evaluated. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the Independent Director.

2. INDEPENDENT DIRECTORS' MEETING.

The Independent Directors of the Company shall hold at least one meeting in a year, without the attendance of Non-Independent Directors and members of management. The meeting shall:

- Review the performance of Non-Independent Directors and the Board as a whole;
- Review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors; and
- Assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

C. APPOINTMENT OF KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT.

The NRC shall identify and ascertain the integrity, qualifications, expertise and experience of persons for appointment as Director, KMP and Senior Management and recommend their appointment to the Board. A person should possess adequate qualifications, expertise and experience for the position he/she is considered for.

Based on the criteria laid down, the Managing Director shall consider and evaluate internal as well as external candidates, as deemed fit, for KMP (other than the Executive Director/Whole-time Director) and Senior Management positions and recommend the same to the Committee. Thereafter, the Committee shall evaluate the candidate(s) and make recommendations to the Board regarding appointments and changes to KMP and Senior Management positions of the Company.

D. REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL, SENIOR MANAGEMENT AND OTHER EMPLOYEES.

The NRC shall ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMP and Senior Management of the quality required to run the Company successfully, and that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks. The remuneration to Directors, KMP and Senior Management shall involve a balance between fixed and variable pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

1. REMUNERATION TO EXECUTIVE DIRECTORS (MANAGING DIRECTOR / WHOLE-TIME DIRECTORS)

Remuneration of Whole Time Directors, including Chairman & Managing Director and Executive Directors, reflects the overall remuneration philosophy and guiding principle of the Company. When considering appointment and remuneration of Whole Time Directors, the NRC considers pay and employment conditions in the industry, merit and seniority of the person, and the paying capacity of the Company.

The compensation structure for Executive Directors shall include the following components:

- Basic salary – set at a level aimed at attracting and retaining Executive Directors of the quality required to run the Company successfully;

- Perquisites and allowances – including house rent allowance/accommodation, reimbursement of medical expenses, conveyance, telephone, leave travel, personal medical insurance and such other allowances as may be determined from time to time;

- Retirement benefits – contribution to Provident Fund, Gratuity and such other retirement benefits as per the Rules of the Company; and

- Variable / performance-linked pay – reflecting short and long-term performance linked to Key Performance Parameters as determined by the NRC.

The term of office and remuneration of Whole Time Directors are subject to approval of the Board of Directors, shareholders, and the Central Government, if required, and are also subject to the limits laid down under the Companies Act, 2013. All recommendations of the Committee shall be referred to the Board for approval and, thereafter, to the shareholders where required under applicable law.

2. REMUNERATION TO NON-EXECUTIVE DIRECTORS

As per the policy of the Company, Non-Executive Directors (including Independent Directors) are paid remuneration in the form of sitting fees for attending Board and Committee meetings as fixed by the Board of Directors from time to time, subject to statutory provisions and the limits prescribed under the Act and the Rules made thereunder.

The NRC may also consider recommending commission payable to Non-Executive Directors (other than Whole-time Directors) within the limits approved by the shareholders of the Company. While recommending commission, the NRC may take into account the contribution of the Director to the decision-making at meetings of the Board/Committees, participation, time spent, and provision of strategic input. Any change to the quantum of sitting fees or commission shall be recommended by the NRC to the Board from time to time within the limits prescribed under law.

3. REMUNERATION TO KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

Remuneration of KMP and Senior Management personnel is determined with due regard to the Company's remuneration philosophy and guiding principles. The NRC shall review the performance of KMP and Senior Management from time to time. Total remuneration may comprises:

i. **Fixed base salary** – set at a level aimed at attracting and retaining executives with professional and personal competence showing good performance towards achieving Company goals;

ii. **Perquisites** – in the form of house rent allowance/accommodation, reimbursement of medical expenses, conveyance, telephone, leave travel, personal medical insurance etc.;

iii. **Retirement benefits** – contribution to PF, gratuity etc. as per Company Rules;

iv. **Variable payments** – performance-linked variable pay reflecting short and long-term performance objectives; and

v. **Employee Stock Option Scheme (ESOPS) / Other Share-Based Benefits** – Eligible KMP and Senior Management Personnel may be granted stock options or other share-based incentives under the Employee Stock Option Scheme(s) or any other share-based employee benefit scheme(s) of the Company, in accordance with the applicable provisions of the Companies Act, 2013, the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended from time to time, and the terms of the respective scheme(s), subject to the necessary approvals/Permissions if any.

vi. **Any other payment** – which may be decided in accordance with this Policy and approved by the NRC/Board.

The NRC shall ensure that the remuneration payable to KMP and Senior Management involves a balance between fixed and variable pay reflecting the short and long-term performance objectives of the Company.

4. REMUNERATION FOR OTHER EMPLOYEES

Focus on productivity and pay for performance are the cornerstones of the Company's overall remuneration philosophy. The Company regularly benchmarks compensation levels and employee benefits with market practices and makes necessary changes to remain consistent with industry standards. The remuneration structure for employees is based on principles of fairness, transparency and internal and external parity, and involves an optimum balance of fixed and variable components. The NRC reviews the performance management and rewards process from time to time.

E. SUCCESSION PLAN FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

The Committee shall lay down the succession plan for the members of the Board, Key Managerial Personnel and Senior Management Personnel to ensure that an appropriate balance of skills, experience and expertise is maintained at all times, and recommend the same to the Board for approval. The Committee shall also review the succession plan periodically.

The succession plan shall aim to:

- Ensure that the business of the Company is not disrupted on account of vacancies caused by superannuation, retirement, resignation, death or permanent incapacitation of any Director, KMP or Senior Management Personnel;

- Identify and create a talent pool of high-potential personnel who can be considered for appointment at Board and Senior Management positions and groom them to assume such roles when the need arises; and

- Ensure timely and high-quality replacements for persons holding Board and Senior Management positions.

F. APPLICATION OF THE POLICY

This Policy shall continue to guide all existing/future employment and remuneration decisions for Directors, KMP and Senior Management of the Company, including other employees. Any departure from the Policy can be undertaken only with the prior approval of the Board of Directors, with reasons duly recorded.

G. AUTHORITY AND POWER OF THE COMMITTEE

The Committee shall have, inter alia, the following powers:

- Seek any information or explanation and ask for any records or documents from the employees of the Company;

- Retain or seek advice from consultants and experts for the performance of their role under this Policy, the costs relating thereto to be borne by the Company; and

- Delegate its powers or form sub-committees to perform any of its functions or roles under this Policy, subject to the approval of the Board.

H. MEETINGS AND MINUTES

The Committee shall meet at least once in every financial year. Additional meetings may be held as the Committee deems appropriate. The Committee shall report to the Board regarding its actions and make necessary recommendations to the Board.

I. DISSEMINATION

The Company's Nomination and Remuneration Policy shall be uploaded on the website of the Company and details shall be disclosed in the Board's Report as per the provisions of the Companies Act, 2013 and rules made thereunder and the Listing Regulations.

J. AMENDMENTS TO THE POLICY

The Company is committed to continuously reviewing and updating its policies and procedures. This Policy is therefore subject to modification. The Board shall review this Policy 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. will 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.

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