ACTION CONSTRUCTION EQUIPMENT LIMITED

CIN:L74899HR1995PLC053860

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"POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND DEALING WITH RELATED PARTY TRANSACTIONS"

Under Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Last updated on May 20, 2026

1. SCOPE AND APPLICABILITY

This policy is called "ACTION CONSTRUCTION EQUIPMENT LIMITED – POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND DEALING WITH RELATED PARTY TRANSACTIONS" ("RPT Policy").

Action Construction Equipment Limited ("the Company") enters into transactions with Related Parties to carry on its day-to-day business activities. This RPT Policy shall apply while dealing with the Related Parties.

2. OBJECTIVE

Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, inter alia, provides that the Company shall formulate a Policy on materiality of related party transactions and dealing with related party transactions.

This Policy intends to comply with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") and the Companies Act, 2013 ("Act") read with Rules and Regulations made thereunder, as may be amended from time to time, to ensure that the transactions with related parties are undertaken in compliance with the legal requirements and necessary structure for reporting is in place. The Company has been entering into various transactions with related parties, for business purposes from time to time.

This Policy encompasses the mechanism to regulate transactions with related parties in a fair and transparent manner.

3. MEANING OF TERMS USED

"Act" means Companies Act, 2013, including any amendment thereof from time to time, to be read with rules made thereunder.

"**Audit Committee"** means Committee of Board of Directors of the Company constituted under provisions of Act and LODR Regulation 2015 .

"Arm's Length Transaction" means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.

"**Board**" means Board of Directors of the Company.

"Company" means Action Construction Equipment Limited.

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

“Key Managerial Personnel” means key managerial personnel as defined under the Act, 2013 and Indian Accounting Standards (Ind AS), as the case may be, and includes:

- Chief Executive Officer or the Managing Director, or Manager;
- Company Secretary;
- Whole-time Director;
- Chief Financial Officer; and
- Such other officers, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and such other officers as may be prescribed.

“LODR Regulations 2015” means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulation, 2015, including any amendment thereof from time to time.

“Material Related Party Transaction” means a transaction with related party, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed the applicable thresholds, as attached as **Annexure A.**

“Material Modifications” with respect to any approved related party transaction shall mean any change / variation / modification in an existing related party transaction/ contract/ arrangement, the financial effect of which is an increase in the per annum value of the relevant related party transaction/ contract/ arrangement as approved by the audit committee and/or shareholders of the Company, by 20% (twenty percent) or Rs. 50 Crore, whichever is higher.

Provided that if any future modification or alteration is already approved at the time of approving original transaction by Audit Committee and/or Shareholders, such modification or alteration shall not be treated as material modification.

Provided further that the transaction(s) other than the transaction(s) approved through omnibus approval route shall be subject to material modification under this clause.

Transactions on an \`Arm\`s length basis\` shall mean and include- a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

Any “word” or “phrase” not specifically defined herein shall have the definition or meaning prescribed under the Act or Listing Regulations.

"**Omnibus Approval**" means a blanket approval granted by the Audit Committee for specified categories of repetitive Related Party Transactions proposed to be entered into by the Company and/or its subsidiary, subject to the conditions prescribed under the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015.

"**Policy**" means this Related Party Transaction Policy.

"**Related Party**" with reference to the Company means:

a) a related party as defined under section 2(76) of the Act; or
b) a related party as defined under the applicable accounting standards; or
c) a related party as defined under regulation 2(zb) of LODR Regulations 2015.

"Related Party Transactions" means a transaction, between the Company and its Related Party, is a related party transaction as ascribed under Regulation 2(zc) of LODR Regulation 2015 and transactions under Section 188 of the Companies Act, 2013.

"**Relative**" means relative as defined under the Act read with Rule 4 of the Companies (Specification of definitions details) Rules, 2014, including any amendment thereof from time to time.

Words, terms and expressions used and not defined in this Policy or SEBI LODR shall have the meaning as set out in the (i) Act, (ii) Securities and Exchange Board of India Act, 1992, (iii) Securities Contracts (Regulations) Act, 1956, (iv) Depositories Act, 1996 and/or the rules thereof and regulations made thereunder, for the time being in force and/or as may be restated and/or modified from time to time.

4. REGULATORY FRAMEWORK

This Policy has been formulated in accordance with the applicable provisions of the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Industry Standards for Related Party Transactions, SEBI Circulars issued from time to time, and other applicable laws.

5. POLICY AND PROCEDURES FOR RELATED PARTY TRANSACTIONS

(Identification of Related parties and Related Party Transactions)

(i) Before the commencement of each financial year, the Company shall draw up a list of Related Party(s) in accordance with the definition as per SEBI LODR and the Act. Any changes to the list during the financial year shall be made as and when the Company receives information in this regard.

(ii) All Directors and Key Managerial Personnel are responsible for informing the Company of their interest (including their indirect interest) in other companies, firms, trusts, body corporate(s) or concerns at the beginning of every financial year and of any change in such interest during the year. In addition, all Directors and Key Managerial Personnel are responsible for providing notice to the Company Secretary of any potential Related Party Transaction involving him directly or indirectly.

(iii) The Audit Committee, in consultation with the Chief Financial Officer and/or the Company Secretary, will review and determine whether any transaction with such Party(s) would constitute a Related Party Transaction requiring compliance under this RPT Policy. Any member of the Audit Committee or Board who is directly or indirectly interested in any Related Party Transaction shall recuse himself and shall not be present in the meeting during discussions on related party transactions and shall not be entitled to vote on such an item under consideration by the Audit Committee and Board, as the case may be.

6. APPROVAL/RATIFICATION/REVIEW MECHANISM.

(A) BY THE AUDIT COMMITTEE

(i) All Transactions entered with Related parties and any subsequent Material modification to a Related Party Transaction shall be undertaken only after prior approval of Audit Committee. The Audit Committee shall be provided with the requisite information for approval of each Related Party Transaction. Further, only those members of the Audit Committee, who are independent directors, shall approve Related Party Transactions.

(ii) Related Party Transaction above Rs. 1 crore, whether entered individually or taken together with previous transactions during a financial year, to which any Subsidiary(ies) is a party, but the Company is not a party, shall require prior approval of the Audit Committee if the value of such transaction, exceeds the lower of the following:

a) 10% of the annual standalone turnover of the Subsidiary as per the last audited financial statements of the Subsidiary; or

b) Threshold for material related party transactions of the Company.

(iii) In the event of a Related Party Transaction above Rs. 1 crore, whether entered into individually or taken together with previous transactions during a financial year, to which any Subsidiary(ies) of the Company is a party but the Company is not a party and such Subsidiary does not have audited financial statements for a period of at least one year, shall require prior approval of the Audit Committee if the value of such transaction exceeds the lower of the following:

(i) 10% of the aggregate value of paid-up share capital and securities premium account of the Subsidiary; or

(ii) Threshold for material related party transactions of the Company.

Provided that the aggregate value of paid-up share capital and securities premium account of the Subsidiary shall be taken as on a date, not older than three months prior to the date of seeking approval of the Audit Committee.

(iv) Prior approval of the Audit Committee shall not be required for a related party transaction to which any listed subsidiary is a party, but the Company is not a party, and regulations pertaining to Corporate Governance and Related Party Transactions as ascribed under LODR Regulations 2015 are applicable to such listed subsidiary. Also, for Related Party Transactions of unlisted subsidiaries of a listed subsidiary the prior approval of the audit committee of the listed subsidiary shall suffice.

(v) Remuneration and sitting fees paid by the Company or its subsidiaries to its directors' 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 in terms of the provisions of Regulation 23 (1) of LODR Regulations, 2015.

OMNIBUS APPROVAL OF AUDIT COMMITTEE

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company or its subsidiary subject to compliance with 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;

Such omnibus approval shall specify:

(a) The name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;

(b) The indicative base price / current contracted price and the formula for variation in the price, if any; and

(c) Such other conditions as the Audit Committee may deem fit.

Further, 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 per transaction.

a) Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company or its subsidiary pursuant to each of the omnibus approval given.

b) Such omnibus approvals shall be valid for a period not exceeding 1 year and shall require fresh approvals after the expiry of one year.

All Transactions proposed to be entered into by the Company with its Related parties will be put up for approval of Audit Committee on regular basis.

The management proposal for the related party transaction will include all material particulars of the proposed transaction and a detailed analysis and justification/rationale for entering into a related party transaction as compared to a transaction with a non-related party.

Information as prescribed in the format as specified in Paragraph of the Industry Standards on "Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions" basis SEBI Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/93 dated 26 June 2025 ("RPT Industry Standards"), shall be provided to the Audit Committee for approval of Related Party Transactions.

However, the above requirements as well as RPT Industry Standards shall not be applicable to transaction(s) with a related party to be entered into individually or taken together with previous transactions during a financial year (including which are approved by way of ratification) which does not exceed Rs. 1 crore.

(B) BY THE BOARD OF DIRECTORS

All transactions with related parties within the scope of Section 188 of the Act, which are either not in the ordinary course of business or are not at Arm's Length shall require prior approval of the Board of Directors.

In addition to the above, the following kinds of transactions with related parties shall also be placed before the Board for its approval:

(i) Transactions which may be in the ordinary course of business and at arm's length basis, but which are as per the policy determined by the Board from time to time (i.e., value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;

(ii) Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;

(iii) Transactions which are in the ordinary course of business and at arm's length basis, but which as per Audit Committee requires Board approval;

(iv) Material Related Party Transactions and any subsequent Material modification to a Related Party Transaction, which are intended to be placed before the shareholders for approval.

(C) BY THE SHAREHOLDERS OF THE COMPANY

All Material Related Party Transactions and any subsequent Material modification to a Related Party Transaction, shall require prior approval of the shareholders through Resolution. The Notice to be sent to the Shareholders to seek approval for a Related Party Transaction shall provide requisite information for each such transaction as required under both LODR Regulations 2015 and Act.

In addition to the above, all kinds of transactions with related parties covered under Section 188 of the Act which (a) are not at Arm's Length or not in the ordinary course of business; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 or in this Policy, shall require prior approval of the shareholders.

However, prior shareholders' approval will not be required for a transaction wherein any listed subsidiary of the Company is a party, but the Company is not a party, and regulations pertaining to Corporate Governance and Related Party Transactions as prescribed under LODR Regulations 2015 are applicable to such listed subsidiary.

The requirement of Shareholders' prior approval for Material Related Party Transactions shall not be applicable for the transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand.

Shareholders' approval, as referred above, would not be required for transactions entered into between:

(a) the Company and its wholly owned subsidiary; or

(b) two wholly owned subsidiaries of the Company,

provided that accounts of such wholly owned subsidiaries referred in (a) and (c) above are consolidated with the Company and placed before the Shareholders at the general meeting for approval.

(d) Transactions that are approved by the Board or Audit Committee as a specific transaction under the provisions of SEBI LODR, Companies Act 2013.

Notwithstanding anything contained in this Policy, where any Related Party Transaction or any matter relating thereto is not specifically covered under this Policy, the Company shall obtain the prior approval of the Audit Committee, the Board of Directors and/or the Shareholders, as the case may be as applicable, under the Companies Act, 2013, the rules made thereunder, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and other applicable laws, rules, regulations, circulars, notifications, or statutory modifications or re-enactments thereof, as amended from time to time.

7. Information to be Provided at the time of Seeking Approval

The Audit Committee and/or Board, as the case may be, shall be provided with the information as specified in the Act, SEBI LODR, Industry Standards on "Minimum information to be provided for review of the Audit Committee and Shareholders for approval of a Related Party Transaction" and the Framework on Related Party Transactions, while placing any proposal for review and approval for entering into Transactions with Related Party(s). The Audit Committee and/or Board may call for such additional information as may be deemed fit for granting approval.

8. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a Related Party Transaction that has not been approved under this Policy, the matter shall be reviewed by the Audit Committee.

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 the Listing regulations;

(v) Any other condition as specified by the audit committee:

The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Audit Committee under this Policy, and shall be entitled to take any such action it deems appropriate in accordance with the provisions of Act and the Listing Regulations which is in favour of the company.

9. SUMMARY OF APPROVAL MECHANISM

The summary of the approval mechanism under SEBI (LODR) Regulations and Companies Act, 2013 is provided as under:

Details of Transaction	Approving Authority
All related party transactions and any subsequent material modifications to the contracts / arrangements	Audit Committee (including Omnibus Approval for a maximum period of one year) and Board.
RPTs which are not in Ordinary Course of Business or not on arm's length basis or both (less than threshold limits)	Recommendation by Audit Committee, Approval by Board of Directors.
RPTs which are not in Ordinary Course of Business or not on arm's length basis or both (beyond threshold limits)	Recommendation by Audit Committee to Board, Recommendation by Board to Shareholders, Approval by Shareholders
Material RPTs	Recommendation by Audit Committee to Board, Recommendation by Board to Shareholders, Approval by Shareholders

10. REPORTING AND DISCLOSURES

(i) Details with respect to Related Party Transactions are to be disclosed to the Stock Exchanges (where shares of the company are listed).

(ii) The policy on dealing with Related Party Transactions is to be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report.

(iii) A Register pertaining to Related Party Transactions is maintained by the company in accordance with the Act, which is placed before the Board / annual general meeting as per the requirements of Act.

(iv) Disclosure regarding Related Party relationship and transactions with them are made in the Financial Statements as per the requirements of relevant Accounting Standards and the Listing Regulations.

(v) The Company shall submit on the date of publication of its standalone and consolidated financial results, the disclosures of related party transactions on a consolidated basis, in the format as specified by the SEBI time to time, to the stock exchanges and publish the same on its website.

11. AMENDMENTS TO THE POLICY

The Board of Directors on its own and / or as per the recommendations of Audit Committee can amend this Policy, as and when deemed fit. Any or all provisions of this Policy are subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

This Policy shall be reviewed by the Board of Directors at least once in every three years and updated accordingly.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities found inconsistent 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.

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Annexure A

Schedule XII of Listing Regulations: RELATED PARTY TRANSACTIONS

A transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year exceeds the following: Consolidated Turnover of Listed Entity Threshold	Threshold
(I) Up to ₹20,000 Crore	10% of the annual consolidated turnover of the listed entity
(II) More than ₹20,000 Crore to upto ₹40,000 Crore	₹2,000 Crore + 5% of the annual consolidated turnover of the listed entity above ₹20,000 Crore
(III) More than ₹40,000 Crore	₹3,000 Crore + 2.5% of the annual consolidated turnover of the listed entity above ₹40,000 Crore or ₹5000 Crores, whichever is lower.