



## **Action Construction Equipment Limited**

### **Remuneration Policy**

#### **Preamble**

Section 178 of the Companies Act, 2013 and clause 49 (IV) of the Listing Agreement provides that the Nomination and Remuneration Committee ("**NRC**") shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel ("**KMP**") and Senior Management. Senior Management means the person holding the designation of President or CEO.

#### **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 team work, and inculcating a sense of belongingness and involvement, besides offering appropriate remuneration packages and other benefits to the directors, KMP and Senior Management. The Policy emphasize on promoting talent and to ensure long term sustainability of talented managerial persons and create competitive advantage. The policy reflects the Company's objectives for good corporate governance as well as sustained long term value creation for shareholders.

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.

#### **Applicability**

This Remuneration Policy applies to directors, Key Managerial Personnel (KMP) and Senior Management.

#### **Appointment criteria and qualifications**

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

#### **Directors**

As per the Policy followed by the Company, the non-executive 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. Presently, sitting fee is fixed as Rs. 10,000/- per meeting of the Board or its Committee meeting.

Remuneration of Whole Time Directors including Chairman & Managing Director and Executive Directors reflect the overall remuneration philosophy and guiding principle of the



Company. When considering the 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 NRC while designing the remuneration package considers the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the Company successfully.

The term of office and remuneration of Whole Time Directors are subject to the approval of the Board of Directors, shareholders, Central Government, if required, and also subject to the limits laid down under the Companies Act, 2013. Remuneration packages for Whole Time Directors are designed to remunerate them fairly and responsibly. The Whole Time Directors' remuneration comprises of salary, perquisites, allowances apart from retirement benefits like P.F., Gratuity, etc. as per Rules of the Company.

### **Evaluation**

The NRC shall carry out evaluation of performance of all directors in every year. 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.

Further 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:-

- a) Review the performance of non-independent directors and the Board as a whole.
- b) Review the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors.

### **Key Managerial Personnel and Senior Management**

Remuneration of KMP and senior management personnel is decided by the Chairman & Managing Director. Total remuneration comprises of:

1. **A 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.
2. **Perquisites** – in the form of house rent allowance/ accommodation, reimbursement of medical expenses, conveyance, telephone, leave travel, Personal Medical Insurance etc.
3. **Retirement benefits** - contribution to PF, gratuity, etc. as per Company Rules.
4. **Variable payments** - performance linked variable pay reflecting short and long term performance.



5. Any other payment which may be decided by the Chairman and Managing Director.

### **Application of the Remuneration Policy**

This Remuneration Policy shall continue to guide all future employment of Directors, Company's Senior Management including Key Managerial Personnel. Any departure from the policy can be undertaken only with the approval of the Board of Directors.

### **Dissemination**

The Company's Remuneration Policy shall be disclosed in the Board report.

-----