

SUMAX ENGINEERING LIMITED

NOMINATION & REMUNERATION POLICY

1. INTRODUCTION:

A transparent, fair and reasonable process for determining the appropriate remuneration at all levels of Sumax Engineering Limited (“**the Company**”) is required to ensure that the shareholders remain informed and confident in the management of the Company. To harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 (“**Act**”) and the rules made there under and the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended from time to time (“**LODR Regulations**”), this policy on nomination and remuneration of Directors (including non-executive directors), the Key Managerial Personnel (KMP) and Senior Management has been formulated by the Nomination and Remuneration Committee and approved by the Board of Directors. This Policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors (including non- executive directors), Key Managerial Personnel and Senior Management Personnel.

2. OBJECTIVE OF THE POLICY:

- (a) The objective of this Policy is to outline a framework to ensure that the Company’s remuneration levels are aligned with industry practices and are sufficient to attract and retain competent director(s) on the Board, KMP(s) and the Senior Management Personnel of the quality required and to allow fair rewards for the achievement of key deliverables and enhanced performance. The key objectives of this Policy include:

The Nomination and Remuneration Committee of Sumax Engineering Limited is a Board Committee. Following shall be the broad responsibilities of the Nomination and Remuneration Committee (“**the Committee**”):

A. Board membership:

- a. To formulate the criteria for determining qualifications, positive attributes, and independence of a Director;
- b. To determine the composition of the Board based on the needs and requirements of the Company from time to time;
- c. To identify the persons as potential candidates who are qualified to be appointed as Directors and recommend to the Board their appointment and removal;
- d. To 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, and thereafter recommend the person to the Board for appointment as an independent director.

B. Performance Evaluation of Board, Committee and Directors:

- a. To lay down the process for effective evaluation of the performance of the Board, its Committees, and individual Directors and review its implementation and compliance;
- b. To review the outcome of the performance evaluation exercise for the Board and its Committees and present its analysis and recommendations to the Board;
- c. To evaluate the requirement for appointing an external independent agency to carry out the performance evaluation of the Board, its Committees, and Directors and make necessary recommendations to the Board.

C. Remuneration to Directors & Senior Management:

- a. To approve persons to be recruited in the Senior Management and recommend to the Board their appointment and removal;
- b. To ensure that the compensation packages and other human resource practices are effective in maintaining a competent workforce and make recommendations relating to compensation of the Managing Director, Whole time Directors, and the Senior Management of the Company from time to time.

3. EFFECTIVE DATE

This Policy shall be effective from the date of its adoption by the Board i.e. **04.02.2026**.

4. DEFINITIONS

- (a) In this Policy, unless the context otherwise requires:
 - (i) **‘Board of Directors’** or **‘Board’**, in relation to the Company, means the board of directors of the Company.
 - (ii) **“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.
 - (iii) **“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.
 - (iv) **“Companies Act, 2013”** or **“Act”** means the Companies Act, 2013 read with the Rules framed thereunder [including any modification(s) / amendment(s) / re-enactment(s) thereof].
 - (v) **“Rules”** means Companies (Meetings of Board and its Powers) Rules, 2014 including any modifications and/or amendments thereof from time to time).
 - (vi) **‘Committee’** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in terms of the Act and LODR Regulations.

- (vii) **‘Independent Director’** means a director referred to in Section 149(6) of the Act read with LODR Regulations.
- (viii) **‘Key Managerial Personnel’ (KMP)** shall have the meaning described to it in the Act and the Rules made thereunder.
- (ix) **‘Policy’** means this Nomination and Remuneration Policy, as may be amended from time to time.
- (x) **“Senior Management”** shall mean 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.
- (b) Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 and/ or LODR Regulation as may be amended from time to time shall have the meaning respectively assigned to them therein.

5. APPLICABILITY:

This Policy is applicable to:

- (i) Directors
- (ii) Key Managerial Personnel
- (iii) Senior Management Personnel

6. CONSTITUTION/MEMBERSHIP:

- (a) The Committee shall consist of such number of directors as is required under applicable laws.
- (b) Membership of the Committee shall be disclosed in the Annual Report and on the website of the Company.
- (c) Term of the Committee shall be continuous unless terminated by the Board of Directors.
- (d) The Chairperson of the Committee or in case of his/her absence, any other person authorised by him/her shall attend the general meetings of the Company. The Committee may meet, convene, and conduct Committee meetings through video conferencing or other audio-visual means, as may be provided by the Company.

7. CHAIRMAN:

- (a) The Chairman of the Committee shall be an Independent Director.
- (b) The Chairman of the Company (whether executive or non-executive) may be appointed as a member of the Committee but shall not be the Chairman of the Committee.
- (c) The Chairman of the Nomination and Remuneration Committee meeting may be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

8. FREQUENCY OF MEETINGS:

The meeting of the Committee shall be held at such intervals as may be required subject to minimum one meeting in a financial year. Additional meetings may happen as the Committee deems it appropriate. Minutes of the meeting shall be circulated to the Committee. The Committee shall report to the Board regarding its actions and make necessary recommendations to the Board. The Committee shall be governed by the same rules regarding meetings as are applicable to the Board.

9. COMMITTEE MEMBERS' INTERESTS:

- (a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- (b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

10. SECRETARY:

The Company Secretary of the Company shall act as Secretary of the Committee.

11. QUORUM:

The quorum for a meeting of the nomination and remuneration committee shall be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance.

12. VOTING:

- (a) Matters arising for determination at Committee meetings shall be decided by a majority of votes of members present. Any such decision shall for all purposes be deemed a decision of the Committee.
- (b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

13. MINUTES

The Committee will maintain signed minutes of its meetings, including formal telephonic meetings, which will be filed with the minutes of the meetings of the Board.

14. ROLE AND RESPONSIBILITY OF THE COMMITTEE

The Committee is responsible for:

- (a) formulating 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, key managerial personnel and other employees for the purpose of this Policy;
- (b) For every appointment of an independent director, the Nomination and Remuneration Committee shall 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. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
 - a) Use the services of an external agencies, if required;
 - b) consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - c) consider the time commitments of the candidate
- (c) formulation of criteria for evaluation of performance of independent directors and the board of directors;
- (d) devising a policy on diversity of board of directors;
- (e) 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;
- (f) advising the Board on issues concerning principles for remuneration and other terms of employment including remuneration for the Directors (including non-executive directors), KMPs and the Senior Management;
- (g) 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;
- (h) monitoring and evaluating programs for variable remuneration, both on-going and those that have ended during the year, for the Directors (including Non-Executive Directors), KMPs and the Senior Management;
- (i) monitoring and evaluating the application of this Policy;

- (j) monitoring and evaluating current remuneration structures and levels in the Company; and
- (k) any other responsibility as determined by the Board.

The role and responsibility of the Committee shall be to undertake specific duties listed below and it will 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 to be formulated need to be not only beneficial to the Company but also will need to consider the qualities, including independence for Independent Directors, and expertise essential for the Company to operate going forward and in a changing business environment.

Following are the criteria recommended by the Committee and approved by the Board for nominating/inducting a Director on the Board of the Company:

- a. composition of the Board, taking into consideration the size of the Company and the requirement of law;
- b. diversity on the Board;
- c. optimal balance of skills and relevant experience, professional qualifications;
- d. expertise and experience in a specific area of business;
- e. no present or potential conflict of interest;
- f. availability of time and other commitments for proper performance of duties;
- g. personal characteristics in line with the Company's values, such as integrity, honesty, and transparency; and
- h. any other criteria which may be added by the Board at its discretion.

2. Identify persons as potential candidates who are qualified to be 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. The 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 a Director.

3. Nomination of candidates for approval of the Board:

The Committee on the satisfaction of a potential candidate meeting the criteria and having completed the identification and selection process, will recommend such persons' candidature to the Board for appointment as a Non-Executive Director or Independent Director or Executive Director, as the case may be.

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

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

B. PERFORMANCE EVALUATION OF BOARD, COMMITTEE(S), AND DIRECTOR(S):

1. Process for effective evaluation of the performance of the Board, its Committee(s), and individual Director(s) and review its implementation and compliance:

The Committee shall determine a process for evaluating the performance of every 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. The Committee may seek the support and guidance of external experts and agencies for this purpose.

2. Evaluate the performance of the Managing Director or Whole-time Director:

The Committee shall evaluate the performance of the Managing Director annually by setting his Key Performance Objectives or Key Performance Parameters at the beginning of each financial year. The Committee shall ensure that his Key Performance Objectives are aligned with the immediate and long-term goals of the Company.

C. APPOINTMENT OF SENIOR MANAGEMENT:

1. Approval of candidates for Senior Management positions:

The Committee shall lay down criteria including qualifications, skills, expertise, and qualities required for Senior Management positions. The Committee feels that it would be appropriate for the management to consider and evaluate internal as well as external candidates for such senior positions. The Committee shall play a consultative role to the Board and make recommendations to the Board regarding the appointments and changes to the Senior Management positions of the Company, basis the recommendation of the Managing Director & CEO.

D. REMUNERATION OF DIRECTORS, SENIOR MANAGEMENT & EMPLOYEES:

1. Remuneration to Executive Directors:

The Committee shall also approve the compensation package of the Managing Director or Executive Director(s). The compensation structure shall include basic salary, perquisites, stock options, commission, etc. The Committee shall ensure that the compensation packages are in accordance with applicable law, in line with the Company's objectives, shareholders' interests, with industry standards, and have an adequate balance between fixed and variable components. All the recommendations of the Committee shall be referred to the Board for approval and thereafter to the shareholders if required under the law.

2. Remuneration to the Non-Executive Directors:

The Committee shall recommend the Commission payable to the Non-Executive Directors, including Independent Directors, after reviewing payments made to similar sized, successful companies. At present, there will be a base commission payable to all such directors. An additional amount would be payable for serving as Chairperson of the Board and/or for memberships of Committees/Chairpersonships of Committees. The Chairperson and members of the Audit Committee would be paid a higher commission than the Chairperson and members of other Committees. The Committee may consider recommending commission payable to Directors after taking into account their contribution to the decision making at meetings of the Board/Committees, participation, and time spent as well as providing strategic inputs and supporting the highest level of Corporate Governance and Board effectiveness. It shall be within the overall limits fixed by the shareholders of the Company. The Directors (except the Executive Director) will be paid sitting fees for attending the meetings of the Board and its Committees. The Committee shall recommend any changes to the quantum of sitting fees to the Board from time to time within the limits prescribed under the law.

3. Remuneration to Senior Management:

The Committee shall review the performance of the Senior Management of the Company, as presented by the Managing Director & CEO.

The Committee shall also be provided with an annual overview of the remuneration payable to Key Managerial Persons as defined under the Act and Senior Management of the Company and recommend to the Board for its approval. The Committee shall ensure that such remuneration involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

4. Remuneration to other employees

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

5. Remuneration to Executive Director:

a. Fixed pay:

- Executive Director(s) shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force and the approvals obtained from the shareholders of the Company.
- The compensation structure shall include basic salary, perquisites, stock options, commission, etc. The Committee shall ensure that the compensation packages are in accordance with applicable law, in line with the Company's objectives, shareholders' interests, and with industry standards.
- The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee.

b. Variable component:

- The Executive Director(s) may be paid performance linked commission within the overall limits as approved by the shareholder and Central Government, wherever required.

6. Remuneration to Non-Executive Directors including Independent Directors:

- (i) The remuneration to the Non-executive Directors (including Independent Directors) may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% or 3%, as the case may be, of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.
- (ii) The Non - Executive Directors and Independent Directors of the Company are entitled to receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof in accordance with the provisions of the Act.
- (iii) The Independent Directors shall not be entitled to any stock incentive of the Company.
- (iv) Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied: i) The services are rendered by such director in his capacity as the professional; and ii) In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.
- (v) The Committee shall recommend the Commission payable to the Non-Executive Directors, including Independent Directors, after reviewing payments made to similar sized, successful companies. At present, there will be a base commission payable to all such directors. An additional amount would be payable for serving as Chairperson of the Board and/or for memberships of Committees/Chairpersonships of Committees. The Committee may consider recommending commission payable to Directors after taking into account their contribution

to the decision making at meetings of the Board/Committees, participation, and time spent as well as providing strategic inputs and supporting the highest level of Corporate Governance and Board effectiveness. It shall be within the overall limits fixed by the shareholders of the Company. The Directors (except the Executive Director) will be paid sitting fees for attending the meetings of the Board and its Committees. The Committee shall recommend any changes to the quantum of sitting fees to the Board from time to time within the limits prescribed under the law.

7. Remuneration to KMP and Senior Management Personnel:

- (i) KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.
- (ii) The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Committee.
- (iii) Based on the performance, KMP and Senior Management Personnel will be paid incentives.
- (iv) The Committee shall review the performance of the Senior Management of the Company, as presented by the Managing Director & CEO.

The Committee shall also be provided with an annual overview of the remuneration payable to Key Managerial Persons as defined under the Act and Senior Management of the Company and recommend to the Board for its approval. The Committee shall ensure that such remuneration involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

- (vi) Where any insurance is taken by the Company on behalf of its managing director, whole-time director, manager, Chief Executive Officer, Chief Financial Officer or Company Secretary for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

8. Remuneration to other employees:

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

E. COMPENSATION COMMITTEE AND ADMINISTRATOR TO ANY EMPLOYEES STOCK OPTION SCHEMES:

The Committee shall play the role of the Compensation Committee in accordance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, and administer the Employee Stock Option Scheme as may be notified from time to time. The Committee shall, *inter alia*, formulate the detailed terms and conditions of the schemes, and frame suitable policies and procedures to ensure compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015, and SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003 (as amended from time to time) by the Employee trust, the Company, and its employees, as applicable.

15. POWER OF THE COMMITTEE

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

- Conduct studies or authorize studies of issues within the scope of the Committee with full access to all books, records, facilities, and personnel of the Company.
- Retain or seek advice of consultants and experts for the performance of their role under this Policy and the costs relating thereto shall be borne by the Company.
- 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.

16. APPOINTMENT OF DIRECTORS, KMP OR SENIOR MANAGEMENT PERSONNEL

- (a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as a Director, KMP and/or Senior Management Personnel and recommend to the Board his / her appointment.\

For the appointment of Independent Directors, the Committee shall 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 and thereafter propose appointment of an Independent Director who meets these requirements.

- (b) The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
- (c) Appointment of Directors, KMPs and Senior Management Personnel is subject to compliance of provisions of the Act and LODR Regulations.

17. POLICY ON BOARD DIVERSITY:

- (a) The Board of Directors shall have the optimum combination of Directors from the different areas/ fields like production, management, quality assurance, finance, sales and marketing, research and development, Human Resources etc. or as may be considered appropriate.
- (b) The Board shall have at least one Board member who has accounting or related financial management expertise.

17. REMOVAL:

The Committee may recommend, to the Board with reasons recorded in writing, removal of a Director(s), KMP(s) and Senior Management subject to the provisions and compliance of the applicable Act, rules and LODR Regulations.

18. DISCLOSURE OF INFORMATION

This Policy shall be disclosed in the Board's report.

19. DEVIATION FROM THE POLICY

The Board may, in individual or collective case, deviate from this Policy, in its absolute discretion, if there are reasons to do so. In the event of any departure from the Policy, the Board shall record the reasons for such departure in the Board's minutes.

20. AMENDMENTS TO THE POLICY

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.

The Company is committed to continuously reviewing and updating its policies and procedures. Therefore, this Policy is subject to modification. The Board shall review this Policy once in three (3) years. This Policy and every subsequent modification, alteration, or amendment made thereto, shall be promptly disclosed on the Company's website at <https://sumaxindia.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.