



NOMINATION AND REMUNERATION POLICY

OF

DMI FINANCE PRIVATE LIMITED

1. PREAMBLE:

In terms of Section 178 of the Companies Act, 2013 along with relevant rules made thereunder read with Reserve Bank of India's ("RBI") Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 ("**Master Directions**") and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, DMI Finance Private Limited ("**DMI**" or "**the Company**") has formulated the Nomination and Remuneration Policy ("**Policy**"). This Policy covers guidelines for the appointment and removal of Directors, Key Managerial Personnel ("**KMP**") and Senior Management. Additionally, the Policy outlines the remuneration framework for Directors, Key Managerial Personnel, Senior Management and other employees of the Company.

2. OBJECTIVE:

The objective of this policy is to lay down a framework to:

- i. guide the Board in relation to appointment and removal of Directors, KMP and Senior Management.
- ii. recommend to the Board on remuneration payable to the Directors, KMP, Senior Management and other employees of the Company.
- iii. retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

3. DEFINITIONS:

- i. '**Act, rules and regulations**' means Companies Act, 2013 along with rules made thereunder read with Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.
- ii. '**Board**' means Board of Directors of the Company.
- iii. '**Committee**' means Nomination and Remuneration Committee of the Company duly constituted or reconstituted by the Board.
- iv. '**Company**' means DMI Finance Private Limited.
- v. '**Director**' means a director appointed to the Board of the Company.
- vi. '**Key Managerial Personnel**' ("**KMP**") means:
 - a) Chief Executive Officer or the Managing Director or the Manager;
 - b) Company Secretary;
 - c) Whole-time Director;
 - d) Chief Financial Officer;
 - e) Such other officer, not more than one level below the Directors rank, who is in whole time employment, designated as KMP by the Board; and
 - f) such other officer as may be prescribed from time to time.
- vii. '**Senior Management**' means the officers and personnel of the company who are members of its core management team excluding the Board of Directors, and also comprising all members of 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 include the functional heads and the Company Secretary and the Chief Financial Officer.

4. CONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee ("**NRC**") has been constituted as a Board Committee with composition, powers, functions and duties as laid down in section 178 of the Companies Act, 2013. The composition along with specific roles and responsibilities of NRC has been defined in the Corporate Governance Policy of the Company.

5. CRITERIA FOR APPOINTMENT AND REMOVAL OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT:

5.1. Appointment criteria and qualifications:

- a. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board for his / her appointment.
- b. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- c. The Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and accordingly recommend to the Board for his / her appointment.
- d. The Company should ensure that the person so appointed as Director shall not be disqualified under the Act, rules and regulations or any other enactment for the time being in force.
- e. The Director / KMP/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Act, rules and regulations or any other enactment for the time being in force.
- f. In addition to the above, the Committee shall adhere to the requirements of circular/notification issued by Reserve Bank of India ('RBI') with respect to the "Fit & Proper Criteria", as amended from time to time, in relation to Directors of the Company at the time of appointment and on continuing basis.
- g. Further, for appointment of independent director on the board, 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.
- h. 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 candidates

5.2. Removal:

- a. Due to reasons for any disqualification mentioned in the Act, rules and regulations thereunder, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director subject to the provisions and compliance of the Act, rules and regulations.
- b. The Board will have the discretion to retain the Director, KMP, Senior Management

Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company subject to the Act, rules and regulations.

6. RETIREMENT OF A DIRECTOR:

The Director shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company subject to the provisions and compliance of the Act, rules and regulations along with the prevailing policy of the Company.

7. CRITERIA FOR DETERMINING THE POSITIVE ATTRIBUTES OF A DIRECTOR:

The Committee shall consider the following factor for determining positive attributes of a Director:

- i. Director is to demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively, and the willingness to address issues proactively;
- ii. Actively update their knowledge and skills with the latest developments in the finance industry, market conditions and applicable legal and regulatory provisions;
- iii. Willingness to devote sufficient time and attention to the Company's business and discharge their responsibilities;
- iv. To assist in bringing independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- v. Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company;
- vi. To act within their authority, assist in protecting the legitimate interests of the Company, its shareholders and employees

8. REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL, SENIOR MANAGEMENT AND OTHER EMPLOYEES OF THE COMPANY:

8.1. Remuneration to Non-executive Directors and Independent Directors:

- a) **Remuneration/Commission:** The remuneration/commission to be paid to the Non-executive Directors (other than Nominee Director) and/or Independent Directors (excluding sitting fees for attending meetings as prescribed under of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under the Act, rules and regulations made there under or any other enactment for the time being in force. The amount of such remuneration/commission shall be as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors and shareholders of the Company.
- b) **Sitting fees:** The Non-executive Directors and Independent Directors may receive sitting fees as the Board may decide and amend from time to time for attending meetings of the Board or Committees thereof. The aforesaid sitting fees shall be subject to applicable tax deduction at source. Further, they will be entitled to reimbursement of all expenses for participation in Board and other committee meetings of the Company.
- c) **Stock Options:** An Independent Director shall not be entitled to any stock option of the Company.

8.2. Remuneration to Key Managerial Personnel and Senior Management Personnel:

The principles and composition relating to the remuneration of Key Managerial Personnel and Senior Management Personnel will be guided by the Compensation Policy of the Company.

8.3. Remuneration to other employees of the Company:

The remuneration structure for the employees excluding Key Managerial Personnel (KMP) and Senior Management personnel, will comprise Fixed Pay and Variable Pay components. The Variable Pay will be determined based on the performance of both the employees and the Company during the year. It will be assessed against the Key Result Areas (KRAs) set at the beginning of the year, with adjustments made if any targets are revised during the year. The calculation of the Variable Pay will also take into account the Annual Performance Rating, which will influence both the Variable Pay and the annual increment of the employee. The performance rating will be based on a 5 point scale, ensuring alignment with the Company's overall objectives and individual contributions. This approach aims to reward and motivate employees in accordance with their performance and the Company's success.

9. REVIEW OF THE POLICY:

The Policy shall be amended or modified with approval of the Board on the periodic recommendation of Nomination and Remuneration Committee. The Policy shall be reviewed by the Board on an annual basis on the recommendation of the Nomination and Remuneration Committee. Consequently, upon any amendments in applicable laws or any change in the position of the Company, necessary changes/modifications/amendments in this Policy shall be incorporated and approved by the Board on the recommendation of Nomination and Remuneration Committee.

The invalidity or unenforceability of any provisions of the Policy shall not affect the validity or enforceability of any other provision. Notwithstanding anything contained in this Policy, in case of any contradiction of the provision of this Policy with any existing legislations, rules, regulations, laws or modification thereof or enactment of a new applicable law, the provisions under such law, legislation, rules, regulation or enactment shall prevail over this Policy.
