



NOMINATION AND REMUNERATION POLICY

OF

DMI FINANCE PRIVATE LIMITED

1. PREAMBLE:

In terms of Section 178 of the Companies Act, 2013 read with relevant rules made thereunder and Reserve Bank of India's ("RBI") Master Direction – Reserve Bank of India (Non-Banking Financial Companies – Governance) Directions, dated November 28, 2025 ("Master Directions"), 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 Reserve Bank of India's ("RBI") Master Direction – Reserve Bank of India (Non-Banking Financial Companies – Governance) Directions dated November 28, 2025 ("Master Directions") 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 under section 178 of the Companies Act, 2013.
- 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 executive directors and shall include the functional heads.

4. CONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee ("NRC" /"Committee") means a committee constituted as a Board Committee with composition, powers, functions and duties as laid down in section 178 of the Companies Act, 2013 read with Master Directions.

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 suitable 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 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. The removal of KMPs & SMPs, if any, will be recommended by the Committee to the Board.
- 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 as may be applicable.
- b) **Sitting fees:** The Non-executive Directors (other than Nominee Director) and Independent Directors may receive sitting fees as the Board may decide and approve 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 attached as “Annexure A”.

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 recommendation of the NRC. The Policy shall be reviewed by the Board in accordance with the Framework on Policy Risk Categorization approved by the Board of Directors in its meeting held on November 13, 2025, on the recommendation of the NRC. However, upon any amendments in applicable laws or any change in the position of the Company prior to the scheduled review, such necessary changes/modifications/amendments shall be incorporated in this Policy and approved by the Board on the recommendation of the NRC.

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.

COMPENSATION POLICY**1. PREAMBLE:**

DMI Finance Private Limited ("**DMI**" or "**the Company**") is a Non-Banking Financial Company ("NBFC") registered with the Reserve Bank of India ("**RBI**"). The Company is classified as a Middle Layer NBFC under the RBI's Master Direction – Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025 ("**SBR Framework**"). DMI has formulated this Policy, hereinafter referred to as "Compensation Policy" (**the "Policy"**) in accordance with the erstwhile RBI's Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023. The Policy is being updated in view of the recent Reserve Bank of India (Non-Banking Financial Companies - Governance) Directions dated November 28, 2025 ("**Governance Directions**").

The Company is continuously working towards adopting high standards of corporate governance with an objective to create and sustain long-term value for its stakeholders.

2. APPLICABILITY AND EFFECTIVE DATE:

The Policy is applicable to the Key Managerial Personnel and Senior Management as defined in this Policy.

All other HR Policies of the Company including Service Regulations, Increment policy etc. shall be adhered as part of the Policy.

3. DEFINITIONS:

- a. "**Clawback**" is a contractual agreement between the employee and the Company in which the employee agrees to return previously paid or vested remuneration to the Company under circumstances as defined in the Policy.
- b. "**Key Managerial Personnel**" ("**KMP**") in relation to the Company, means—
 - i. the Chief Executive Officer or the Managing Director or the Manager;
 - ii. the Company Secretary;
 - iii. the Whole-Time Director;
 - iv. the Chief Financial Officer;
 - v. such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
 - vi. such other officer as may be prescribed from time to time.
- c. "**Malus**" is an arrangement which permits the Company to prevent vesting of all or part of the amount of a deferred remuneration. Malus arrangement does not reverse vesting after it has already occurred.
- d. "**Retention period**" shall mean a period of time after the vesting of instruments which have been awarded as variable pay during which they cannot be sold or accessed.
- e. "**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 executive directors, and shall include the functional heads.

4. OBJECTIVES OF THE POLICY:

The objective of this Policy is to ensure that compensation practices comply with the regulatory framework established by the Reserve Bank of India (RBI) or any other relevant regulatory body, and to maintain alignment with any updates to applicable regulations. The Policy aims to promote effective governance of compensation, ensuring transparency, fairness, and equity in decision-making. It seeks to align compensation with prudent risk-taking and sound decision-making, supporting the long-term sustainability and strategic objectives of the organization. Additionally, the Policy establishes a balanced reward system that links compensation to individual, collective, and organizational performance, while continuously adapting to regulatory changes and industry best practices.

5. CONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE (“NRC”) AND ITS RESPONSIBILITIES

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.

NRC may:

- Work in close coordination with the Risk Management Committee to achieve effective alignment between compensation and risks.
- Ensure that compensation levels are supported by the need to retain earnings of the NBFC and the need to maintain adequate capital based on Internal Capital Adequacy Assessment Process (ICAAP).
- Ensure that there is no conflict of interest in appointment of KMPs and SMPs.

The NRC shall ensure that compensation of KMPs and SMPs are reasonable, recognizing all relevant factors including adherence to statutory requirements and industry practices.

6. PRINCIPLES FOR DETERMINATION OF COMPENSATION FOR KEY MANAGERIAL PERSONNEL (“KMPs”) AND SENIOR MANAGEMENT (“SMPs”):

Compensation to Key Managerial Personnel (KMPs) and Senior Management (SMPs) shall be determined based on the following principles:

- a. The compensation level and structure should be reasonable and sufficient to attract, retain, and motivate a Senior Management team of the required quality to ensure the Company’s success. Specifically, compensation should be:
 - market competitive (‘market’ for every role is defined as Companies from which the Company attracts talent or Companies to which the Company loses talent).
 - driven by the role played by the individual.
 - reflective of the size of the Company, complexity of the sector / industry / Company’s operations and the Company’s capacity to pay.
- b. Compensation will be linked to appropriate performance benchmarks.
- c. Compensation outcomes will align with risk outcomes, and payouts will be sensitive to the time horizon of the associated risks.
- d. The compensation structure will have a proper balance between Fixed and Variable Pay.
- e. The deterioration in the Company’s financial performance, or that of a business segment, function, or individual, may result in a reduction of the total variable pay, potentially down to zero, based on performance outcomes for the year.

7. COMPENSATION STRUCTURE:

Compensation structure broadly consists of following elements:

- i. Fixed Pay:
 - a. All the fixed items of compensation, including the perquisites and contributions towards superannuation/ severance benefits, retirement benefits, may be treated as part of fixed pay.
 - b. All perquisites that are reimbursable may also form part of the fixed pay subject to statutory monetary ceilings on these reimbursements.
 - c. Monetary equivalent of benefits of non-monetary nature (such as free furnished house, use of company car, etc.) may also be part of fixed pay.
- ii. Variable Pay:
 - a. The variable pay may be in the form of share-linked instruments or a mix of cash and share-linked instruments conforming to the relevant statutory provisions and as approved by the Board.
 - b. The variable pay shall be truly and effectively variable such that it may be reduced to zero based on performance at an individual, business-unit and company-wide level.
 - c. The proportion of variable pay in total compensation (including fixed and variable pay) will commensurate with the role and prudent risk-taking profile of KMPs/ senior management.
 - d. Where variable pay contains share-linked instruments, a proper balance between the cash and share-linked instruments will be maintained.
 - e. Not all the variable pay awarded after performance assessment may be paid immediately. Certain portion of variable pay, as decided by the Board, may be deferred to time horizon of the risks. The portion of deferral arrangement may be made applicable for both cash and non-cash components of the variable pay.

8. COMPENSATION FOR KMPs AND SENIOR MANAGEMENT IN CONTROL AND ASSURANCE FUNCTIONS:

'KMPs' and 'Senior Management' engaged in financial control, risk management, compliance and internal audit may be compensated in a manner that is independent of the business areas they oversee and commensurate with their role in the Company. Accordingly, such personnel may have higher proportion of fixed compensation. However, a reasonable proportion of compensation may be in the form of variable pay, so that exercising the options of malus and/or clawback, when warranted, is not rendered infructuous.

9. DEFERMENT OF VARIABLE PAY:

Annual Variable Pay shall be deferred as per the following schedule:

Timeline	Payout Schedule of Cash Variable Pay	Vesting Schedule for ESOP
After requisite approval of Variable Pay for the reference performance year	50% (1 st tranche)	NA
After the end of the 1 st Year following the reference performance year / Date of Grant in case of ESOPs	25% (2 nd tranche)	30%
After the end of the 2 nd Year following the reference performance year / Date of Grant in case of ESOPs	25% (3 rd tranche)	30%
Year 3 from Date of Grant	NA	40%

10. GUARANTEED BONUS:

Guaranteed bonus may not be paid to KMPs and Senior Management. However, in the context of new hiring, joining/sign-on bonus may be considered, and such bonus will neither be considered part of fixed pay nor of variable pay for the purposes of this policy.

11. MALUS AND CLAWBACK PROVISIONS:

All deferred compensation for KMPs/ Senior Management, including but not limited to any cash/non-cash variable pay awards, is subject to malus and claw-back in the event of certain circumstances.

Following is the set of representative situations in which Malus and Clawback can be invoked:

- a. When an individual has personally acted dishonestly, or in a manner that adversely affects the Company's reputation, or which is characterized as a gross misconduct.
- b. When an individual is involved in directing an employee, contractor, or advisor to act dishonestly or to undertake other misconduct.
- c. When an individual breach their material obligation through error, omission or negligence.
- d. When an individual has received a short term or long-term payout because of fraud, dishonesty or a breach of obligation committed by another person.
- e. Where significant financial or reputation loss is suffered by the Company owing to conduct or decisions of an individual.
- f. When it is proven that Company has suffered financial or reputation loss due to lack of due diligence on part of a decision maker.
- g. When it is established that an individual has taken a decision on behalf of the Company as per a quid pro quo arrangement.
- h. When performance is manipulated by breaching stipulated risk or prudential limits.
- i. Any other situation where the Board and the Nomination and Remuneration Committee deems invoking Malus and/or Clawback provision is necessary and justified.
