



Date: 09.04.2025

POLICY FOR REMUNERATION OF KEY MANAGERIAL PERSONNEL DHARA MOTOR FINANCE LTD. For the year 2025-26

Section 197 of the Companies Act, 2013 prescribed the maximum ceiling for payment of managerial remuneration by a public company to its managing director, whole-time director and Manager, Section 2(53) of the Companies Act, 2013 defines “manager” as an individual who, subject to the superintendence, control and direction of the Board of Directors, has the management of the whole, or substantially the whole, of the affairs of a company, and includes a director or any other person occupying the position of a manager, by whatever name called, whether under a contract of service, which shall not exceed 11% of the net profit of the company in that financial year computed in accordance with section 198 with certain exceptions.

The executive management of a company is responsible for the day to day management of a company. The Companies Act, 2013 has used the term key management personnel to define the executive management. The key management personnel are the point of first contact between the company and its stakeholders. While the Board of Directors are responsible for providing the oversight, it is the key management personnel who are responsible for not just laying down the strategies as well as its implementation.

Chapter XIII of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 deal with the legal and procedural aspects of appointment of Key Managerial Personnel including Managing Director, Whole-time Director or Manager and secretarial audit etc.

Key Managerial Personnel of Dhara Motor Finance Limited.

The Companies Act, 2013 has for the first time recognized the concept of Key Managerial Personnel. As per section 2(51) “key managerial personnel”, in relation to a company, means

- (I) The Chief Executive Officer/ managing director Dhara Motor Finance Limited.
- (ii) The company secretary of Dhara Motor Finance Limited
- (iii) The whole-time director/s of Dhara Motor Finance Limited
- (iv) The Chief Financial Officer of Dhara Motor Finance Limited and



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(v) Such other officer as may be prescribed by the Board within Company Act 2013.

Appointment and Remuneration of Key Managerial Personnel who, by virtue of the articles of a company or an agreement with the company or a resolution passed in Board meeting of DMFL is entrusted with substantial powers of management of the affairs of the company and includes a director occupying the position of managing director, by whatever name called.

The explanation to section 2(54) excludes administrative acts of a routine nature when so authorised by the Board such as the power to affix the common seal of the company to any document or to draw and endorse any cheque on the account of the company in any bank or to draw and endorse any negotiable instrument or to sign any certificate of share or to direct registration of transfer of any share, from the substantial powers of management of DMFL.

Whole Time Director

Section 2 (94) of the Companies Act, 2013 defines “whole-time director” as a director in the whole-time employment of the company.

Definition of Manager in Para I above in DMFL

Section 2(53) of the Companies Act, 2013 defines “manager” as an individual who, subject to the superintendence, control and direction of the Board of Directors, has the management of the whole, or substantially the whole, of the affairs of a company, and includes a director or any other person occupying the position of a manager, by whatever name called, whether under a contract of service or not.

Chief Executive Officer & Chief Financial Officer of the company

Section 2(18)/(19) of the Companies Act, 2013 defined “Chief Executive Officer”/ “Chief Financial Officer” as an officer of a company, who has been designated as such by DMFL board.

Company Secretary Section 2(24) of the Companies Act, 2013 defines “company secretary” or “secretary” means a company secretary as defined in clause (c) of sub-section (1) of section 2 of the Company Secretaries Act, 1980 who is appointed by DMFL to perform the functions of a company secretary under this Act under company law.

Appointment of Managing Director of DMFL.

A managing director, whole-time director or manager shall be appointed and the terms and conditions of such appointment and remuneration payable be approved by the Board of Directors of DMFL at a meeting. In case such appointment is at variance to the conditions specified in Schedule V. Approval of



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the Board is not necessary if the appointment is made in accordance with the conditions specified in Schedule V to the Act. Therefore, the appointment of a managing director or whole-time director or Manager and the terms and conditions of such appointment and remuneration payable thereon must be approved by the Board of directors at a meeting. A notice convening Board of DMFL meeting for considering such appointment shall include the terms and conditions of such appointment, remuneration payable and such other matters including interest, of a director or directors in such appointments, if any. A return in the prescribed form viz. MR.1 is required to be filed with Registrar within 60 days from the date of such appointment. Section 196(5) provides that subject to the provisions of this Act, where an appointment of a managing director, whole-time director or manager is not approved by the company Board's meeting, any act done by him before such approval shall be deemed to be valid.

Company (Dhara Motor Finance Ltd) will consider the following conditions of the company on year to year basis

- (a) The financial position of the company before appointment and remuneration of Key Managerial Personnel
- (b) The remuneration or commission drawn by the individual concerned in any other capacity.
- (c) The remuneration or commission drawn by him from any other company.
- (d) Professional qualifications and experience of the individual concerned.
- (e) Such other matters as may be prescribed under the law.

The DMFL shall have regard to the following matters while granting approval to the appointment of managing director under section 196:

- (1) Financial and operating performance of the company during the three preceding financial years.
- (2) Relationship between remuneration and performance.
- (3) The principle of proportionality of remuneration within the company, ideally by a rating methodology which compares the remuneration of directors to that of other executive directors on the board and employees or executives of the company.
- (4) In DMFL remuneration policy for directors will not differs from remuneration policy for other employees and if so. In both cases remuneration will be based on performance, commitment and Knowledge.



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(5) The securities held by the director, including options and details of the shares pledged as at the end of the preceding financial year.

Remuneration to Managerial Personnel in DMFL

Section 197 of the Companies Act, 2013 prescribed the maximum ceiling for payment of managerial remuneration by a public company to its managing director whole-time director and manager/managers which shall not exceed 11% of the net profit of the company in that financial year computed in accordance with section 198, except that the remuneration of the directors of DMFL shall not be deducted from the gross profits. Further, the company in board meeting May, with the approval of the board authorise the payment of remuneration exceeding 11% of the net profits of the company, subject to the provisions of Schedule V. The net profits for the purposes of this section shall be computed in the manner referred to in section 198.

Appointment and Remuneration of Key Managerial Personnel in DMFL

The remuneration payable to any one managing director or whole time director or manager shall not exceed 5% of the net profits of the company and if there are more than one such director remuneration shall not exceed 10% of the net profits to all such directors and manager taken together. Except with the approval of the company in Board meeting, the remuneration payable to directors who are neither managing directors nor whole-time directors shall not exceed 1% (One percent) of the net profits of the company. In case of Managing /Executive or whole-time director or manager 3% of the net profits in any other case. The percentages aforesaid shall be exclusive of any fees payable to directors for attending the meeting of the board/committees or for such other purposes as decided by the board.

The remuneration payable to the directors including managing or whole-time director or manager shall be inclusive of the remuneration payable for the services rendered by him in any other capacity except the following:

- (a) The services rendered are of a professional nature and
- (b) In the opinion of the Nomination and Remuneration Appointment and Remuneration of Key Managerial Personnel Committee (if applicable) or the Board of Directors of DMFL in other cases, the director possesses the requisite qualification for the practice of the profession.

Sitting Fees to Directors for Attending the Meetings (Section 197(5))



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A director may receive remuneration by way of fee for attending the Board/Committee meetings or for any other purpose as may be decided by the Board of DMFL. Provided that the amount of such fees shall not exceed the amount as may be prescribed. The DMFL through rules prescribed that the amount of sitting fees payable to a director for attending meetings of the Board or board committees may be such as may be decided by the Board of directors or the Remuneration Committee which shall not exceed the sum of Rs. 1.00 lakh per meeting of the Board of DMFL or committee of board of DMFL thereof. The Board may decide different sitting fee payable to Independent and non-Independent directors other than whole-time directors.

Monthly Remuneration to Director or Manager of DMFL

A Director or Manager may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the company or partly by one way and partly by the other. [Section 197 (6)].

An Independent director shall not be entitled to any stock option and may receive remuneration by way of fees, reimbursement of expenses for participation in the Board board Committees and profit related commission as may be approved by the members.

[Section 197 (7)] Any director who is in receipt of any commission from the company and who is a managing or whole-time director of the company shall not be disqualified from receiving any remuneration or commission from any holding company or subsidiary company of such company subject to its disclosure by the company in the Board's report. [Section 197 (14)] Remuneration Drawn in Excess of Prescribed Limit If any director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the limit prescribed or without the prior sanction of the Central Government, where it is required, he shall refund such sums to the company and until such sum is refunded, hold it in trust for the company. [Section 197(9)]

Managerial Remuneration under Schedule V (Part II)



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Section I:

Remuneration by Companies having Profits

A company having profits in a financial year may pay remuneration to its managerial persons in accordance with Section 197 mentioned above. The DMFL follow the rules meticulously.

Serial No.	Condition	Max Remuneration Payable in Financial Year
1	Company with one Managing director/whole time director/manager	5 % of the net profits of the company
2	Company with more than one Managing director/whole time director/manager	10 % of the net profits of the company
3	Overall Limit on Managerial Remuneration	11 % of the net profits of the company

Remuneration payable to directors who are neither managing directors nor whole-time directors:

For directors who are neither managing director or whole-time directors	1% of the net profits of the company if there is a managing director/whole time director
If there is a director who is neither a Managing director/whole time director	3% of the net profits of the company if there is no managing director/whole time director

Section II: Remuneration by Companies having no profits or inadequate profits without Central Government approval

Where in any financial year during the currency of tenure of a managerial person, a company has no profits or its profits are inadequate, it, may, without Central Government approval, pay Appointment and Remuneration of Key Managerial Personnel and pay remuneration to the managerial person not exceeding the higher of the limits under

Serial No.	Where the effective capital is	Limits of yearly remuneration
1	Where the effective capital is Negative or less than 05 Cr	60 Lacs
2	5 crores and above but less than 100 Crores	84 lacs
3	100 Crores and above but less than 250 Crores	120 Lacs



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4	250 Crores and above	120 Lacss plus 0.01% of the effective capital in excess of 250 Crores
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The DMFL will follow the above rules in letter and spirit. If a special resolution is passed by the Board, the above limits shall be doubled. Explanation: it is hereby clarified that for a period less than one year, the limits shall be pro-rated.

Important Consideration before deciding determining the remuneration by DMFL

The remuneration payable to the director shall be determined by:

- The articles of associations of the company
- A resolution by the Board on the Subject.
- The remuneration payable as per these rules shall also include the remuneration payable to the personals working in any other capacities. However, if the services are rendered in professional a capacity and if the nomination and remuneration committee/Board of directors believes that the director possesses the necessary qualification for the practice of the profession, exceptions are possible.

Remuneration of independent directors: An Independent director in the board of DMFL shall be entitled to a sitting fees, a reimbursement for participation in meetings and profit related commission as approved by Board. However, he shall not be entitled to ESOP.

Excess Remuneration to be refunded: If any director receives any remuneration in excess of the provisions of law, the same shall be refunded to the company or kept in trust for the company. Such recovery shall not be waived unless permitted by the Central Government.

For **Dhara Motor Finance Limited**

Ghanshyam Singh Chauhan

Executives Director

Sunil Dutt Srivastava

Non Executive Director