

Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

UNION OF INDIA

India

Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Rule

COMPANIES-APPOINTMENT-AND-REMUNERATION-OF-MANAGERIAL of 2014

- Published on 31 March 2014
- Commenced on 31 March 2014
- [This is the version of this document from 31 March 2014.]
- [Note: The original publication document is not available and this content could not be verified.]

Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014Published vide Notification No. G.S.R 249(E), dated 31.3.2014Last Updated 16th January, 2020G.S.R 249(E). - In exercise of the powers conferred under sub-section (4) of section 196, sub-section (5) of section 197, sub-section (12) of section 197, section 200, sub-section (1) of section 198, sub-section (1) of section 203, sub-section (1) of section 204 and sub-section (1) of section 205 of the Companies Act, 2013,read with sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013) and in supersession of the Companies (Central Government's) General Rules and Forms, 1956 or any other relevant rules prescribed under the Companies Act, 1956 (1 of 1956) on matters covered under these rules, except as respects things done or omitted to be done before such supersession, the Central Government hereby makes the following rules, namely: -

1. Short title and commencement.

(1)These rules may be called the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.(2)They shall come into force on the 1st day of April, 2014.

2. Definitions.

(1)In these rules, unless the context otherwise requires,-(a)"Act" means the Companies Act, 2013 (18 of 2013);(b)"Annexure" means the Annexure to these rules;(c)"Fees" means the fees as specified in the Companies (Registration offices and fees) Rules, 2014;(d)"Form" or e form means a form set forth in Annexure to these rules which shall be used for the matter to which it relates;(e)"Regional

Director" means the person appointed by the Central Government in the Ministry of Corporate Affairs as a Regional Director;(f)"section" means section of the Act.(2)Words and expressions used in these rules but not defined and defined in the Act or in Companies (Specification of definitions details) Rules, 2014 shall have the meanings respectively assigned to them in the Act and said rules.

3. Filing of return of appointment.

- A company shall file a return of appointment of a Managing Director, Whole Time Director or Manager, [***] [Omitted 'Chief Executive Officer (CEO), Company Secretary and Chief Financial Officer (CFO)' by Notification No. G.S.R. 646(E), dated 30.6.2016 (w.e.f. 31.3.2014).] within sixty days of the appointment, with the Registrar in Form No. MR.1 along with such fee as may be specified for this purpose.

4. Sitting fees.

- A company may pay a sitting fee to a director for attending meetings of the Board or committees thereof, such sum as may be decided by the Board of directors thereof which shall not exceed one lakh rupees per meeting of the Board or committee thereof:Provided that for Independent Directors and Women Directors, the sitting fee shall not be less than the sitting fee payable to other directors.

5. Disclosure in Board's report.

(1)Every listed company shall disclose in the Board's report-(i)the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;(ii)the percentage increase in remuneration of each director, Chief Financial Officer,Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;(iii)the percentage increase in the median remuneration of employees in the financial year;(iv)the number of permanent employees on the rolls of company;(v)[to (vii) ****] [Omitted by Notification No. G.S.R. 646(E), dated 30.6.2016 (w.e.f. 31.3.2014).](viii)average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;(ix)[to (xi) ***] [Omitted by Notification No. G.S.R. 646(E), dated 30.6.2016 (w.e.f. 31.3.2014).](xii)affirmation that the remuneration is as per the remuneration policy of the company.Explanation. - For the purposes of this rule. - (i) the expression median means the numerical value separating the higher half of a population from the lower half and the median of a finite list of numbers may be found by arranging all the observations from lowest value to highest value and picking the middle one;(ii)if there is an even number of observations, the median shall be the average of the two middle values.(2)The board's report shall include a statement showing [the names of the top ten employees in terms of remuneration drawn and the name of every employee, who-] [Substituted 'the name of every employee of the company,who-' by Notification No. G.S.R. 646(E), dated 30.6.2016 (w.e.f. 31.3.2014).](i)if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than [one crore and two lakh rupees] [Substituted 'sixty lakh rupees' by Notification No. G.S.R. 646(E), dated 30.6.2016 (w.e.f. 31.3.2014).];(ii)if employed

for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than [eight lakh and fifty thousand rupees per month] [Substituted 'five lakh rupees per month' by Notification No. G.S.R. 646(E), dated 30.6.2016 (w.e.f. 31.3.2014).];(iii)if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.(3)The statement referred to in sub-rule (2) shall also indicate -(i)designation of the employee;(ii)remuneration received;(iii)nature of employment, whether contractual or otherwise;(iv)qualifications and experience of the employee;(v)date of commencement of employment;(vi)the age of such employee;(vii)the last employment held by such employee before joining the company;(viii)the percentage of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule (2) above; and(ix)whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager:Provided that the particulars of employees posted and working in a country outside India, not being directors or their relatives, drawing more than sixty lakh rupees per financial year or five lakh rupees per month, as the case may be, as may be decided by the Board, shall not be circulated to the members in the Board's report, but such particulars shall be filed with the Registrar of Companies while filing the financial statement and Board Reports:Provided further that such particulars shall be made available to any shareholder on a specific request made by him in writing before the date of such Annual General Meeting wherein financial statements for the relevant financial year are proposed to be adopted by shareholders and such particulars shall be made available by the company within three days from the date of receipt of such request from shareholders:Provided also that in case of request received even after the date of completion of Annual General Meeting, such particulars shall be made available to the shareholders within seven days from the date of receipt of such request.

6. [Parameters for consideration of remuneration.] [Substituted 'Applications to the Central Government.' by Notification No. G.S.R. 875(E), dated 12.9.2018 (w.e.f. 31.3.2014).]

- The [***] [Omitted 'Central Government' by Notification No. G.S.R. 875(E), dated 12.9.2018 (w.e.f. 31.3.2014).] or the company shall have regard to the following matters, namely:-(1)the Financial and operating performance of the company during the three preceding financial years.(2)the 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 directors on the board who receives remuneration and employees or executives of the company.(4)whether remuneration policy for directors differs from remuneration policy for other employees and if so, an explanation for the difference.(5)the securities held by the director, including options and details of the shares pledged as at the end of the preceding financial year.

7. Fees.

(1) Every application made to the Central Government under the provisions of Chapter XIII shall be made in Form No. MR.2 and shall be accompanied by fee as may be specified for the purpose. (2) [***] [Omitted by Notification No. G.S.R. 875(E), dated 12.9.2018 (w.e.f. 31.3.2014).] (3) Every such application seeking approval shall be made to the Central Government within a period of ninety days from the date of such appointment.

8. Appointment of Key Managerial Personnel.

- Every listed company and every other public company having a paid-up share capital of ten crore rupees or more shall have whole-time key managerial personnel.

8A. [[Substituted by Notification No. G.S.R. 13(E), dated 3.1.2020 (w.e.f. 31.3.2014).]

Every private company which has a paid up share capital of ten crore rupees or more shall have a whole-time company secretary.]

9. Secretarial Audit Report.

(1) For the purposes of sub-section (1) of section 204, the other class of companies shall be as under-(a) every public company having a paid-up share capital of fifty crore rupees or more; or (b) every public company having a turnover of two hundred fifty crore rupees or more [or] [Inserted by Notification No. G.S.R. 13(E), dated 3.1.2020 (w.e.f. 31.3.2014).] (c) [every company having outstanding loans or borrowings from banks or public financial institutions of one hundred crore rupees or more.] [Inserted by Notification No. G.S.R. 13(E), dated 3.1.2020 (w.e.f. 31.3.2014).] [Explanation. [Inserted by Notification No. G.S.R. 13(E), dated 3.1.2020 (w.e.f. 31.3.2014).] - For the purposes of this sub-rule, it is hereby clarified that the paid up share capital, turnover, or outstanding loans or borrowings as the case may be, existing on the last date of latest audited financial statement shall be taken into account.] (2) The format of the Secretarial Audit Report shall be in Form No. MR.3.

10. Duties of Company Secretary.

- The duties of Company Secretary shall also discharge, the following duties, namely:-(1) to provide to the directors of the company, collectively and individually, such guidance as they may require, with regard to their duties, responsibilities and powers; (2) to facilitate the convening of meetings and attend Board, committee and general meetings and maintain the minutes of these meetings; (3) to obtain approvals from the Board, general meeting, the government and such other authorities as required under the provisions of the Act; (4) to represent before various regulators, and other authorities under the Act in connection with discharge of various duties under the Act; (5) to assist the Board in the conduct of the affairs of the company; (6) to assist and advise the Board in

ensuring good corporate governance and in complying with the corporate governance requirements and best practices; and(7)to discharge such other duties as have been specified under the Act or rules; and(8)such other duties as may be assigned by the Board from time to time.

{|

[Form No. MR. 1] [Substituted by Notification No. G.S.R. 646(E), dated 30.6.2016 (w.e.f. 31.3.2014).][Pursuant to Section 196 read with Section 197 and Schedule V of the Companies Act, and pursuant to Rule 3 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014]

Return of
appointment of
managerial
personnel

Form languageEnglishHindi

Refer instruction kit for filing the form.

1. (a) *Corporate identity number (CIN) of company {|

||}

(b) Global location
number (GLN) of {|
company

||}

2. (a) Name of the Company {|

||}

(b) Address of theregistered officeof the company {|

||}

3. (a) Director identification number (DIN) or income-tax permanent account number (PAN) or membership number {|

||}

(b) *Name {|

||}

4. DesignationManagerManaging DirectorWhole Time Director

5. *Date of the resolution by the board of directors {|

| (DD/MM/YY)|}

6. *Effective date of appointment {|

| (DD/MM/YY)|}

7. Terms and conditions including remuneration-

(a) Remuneration Per month Per Annum

i. Salary (In Rs) { |

| }

ii. Perquisites (In Rs.) { |

| }

iii. Others (In Rs.) { |

| }

iv. Total of (i) to (iii) (In Rs.) { |

| }

(b) Tenure of appointment From { |

| (DD/MM/YY) | }

To { |

| (DD/MM/YY) | }

(c) Other terms, if any

{ |

| }

8. * (a) Whether the age of the appointee is more than 70 years Yes No

(b) If yes, date of passing of special resolution by the shareholders approving the appointment

(c) SRN of related Form No. MGT.14 (for filing of Special Resolution)

9. * (a) Whether the appointee had been convicted or detained under any of the Acts mentioned in Part I of Schedule V Yes No

(b) If yes, Date of obtaining Central Government's approval

10. * (a) Whether the approval for such appointment has been obtained from the members in general meeting Yes No

(b) If yes, date of passing the resolution

(c) SRN of Form No. MGT.14 (for filing of Special Resolution)

11. * (a) Whether the appointee has been disqualified for appointment of director under section 164 of the Act Yes No

(b) If yes, give details

{|

|}

Attachments

- (1) *Copy of Board resolution;
- (2) Copy of shareholders resolution;
- (3) Copy of the Central government approval, if any;
- (4) Copy of letter of consent to act as Managing Director/Whole time Director/Manager;
- (5) Copy of certificate by the Nomination and Remuneration Committee of the company, if any, to the effect that the remuneration is as per remuneration policy of the company
- (6) Optional attachments, if any.

DeclarationI am authorized by the Board of Directors of the Company vide resolution number*dated*to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. I also declare that all the information given herein above is true, correct and complete including the attachments to this form and nothing material has been suppressed.

*To be digitally signed by

*Designation

*DIN of the director; or DIN or PAN of the manager or CEO or CFO; or Membership number of the company secretary

Certificate by Practicing professional

I declare that I have been duly engaged for the purpose of certification of this form. It is hereby certified that I have gone through the provisions of the Companies Act, 2013 and Rules thereunder for the subject matter of this form and matters incidental thereto and I have verified the above particulars (including attachment(s)) from the original records maintained by the Company which is subject matter of this form and found them to be true, correct and complete and no information material to this form has been suppressed. I further certify that;

- The said records have been properly prepared, signed by the required officers of the Company
- a. and maintained as per the relevant provisions of the Companies Act, 2013 and were found to be in order;
 - b. All the required attachments have been completely and legibly attached to this form.

*To be digitally signed by

Chartered accountant (in whole-time practice)or

Cost accountant (in whole-time practice)or

Company Secretary (in whole-time practice)

Whether associate or fellowAssociateFellow

Membership number

Certificate of practice number

Note: Attention is drawn to provisions of Section 448 and 449 which provide for punishment for false statement / certificate and punishment for false evidence respectively.

For office use only:

e-Form Service request number (SRN) eForm filling date(DD/MM/YY)

This e-Form is hereby registered

Digital signature of the authorising officer

Date of signing (DD/MM/YY)

|}

{|

[Form No. MR. 2] [Substituted by Notification No. G.S.R. 875(E), dated 12.9.2018 (w.e.f. 31.3.2014).][Pursuant to section 196 and Schedule V of the Companies Act 2013 and Rule 7 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

Form of application to the Central Government for approval of appointment of managing director or whole time director or manager

Form languageEnglishHindi

Refer instruction kit for filing the form.

1. (a) *Corporate identity number (CIN) of company {|

||}

(b) Global location
number (GLN) of {|
company

||}

2. (a) Name of the Company {|

|}

(b) Address of registered office of the company {|

| - || (c) | *email ID of the company|

|}

3. (DD/MM/YY) {|

Calendar

| *Date of incorporation|}

4. (a) *This form is being filed for seeking Central Government's approval for

Appointment or reappointment without complying with the Part I of Schedule V

(b) Whether the application has been filed in time Yes No

Particulars of the proposed appointee or the person in whose respect the application is

5. (1) filed Director Identification Number (DIN) or Income tax permanent account number {
(Income tax PAN)

{
}

Name {

{
}

Address {

{
}

Father's name {

{
}

Nationality {

{
}

Date of birth {

Calendar

| DD/MM/YY|

Place of birth {

{
}

Educational, professional qualifications and brief profiles of the appointee or the person
in whose respect the Application is filed

Experience Years Months

2. In case the proposed appointee is a foreign citizen, furnish the following details also-

(i) ISO Country code {

| - | | | (ii) Country|

| - | | | (iii) Passport number|

| - | | | (iv) Validity of passport|

| - | | | (v) Occupation|

}}

6. (a) Whether

AppointmentReappointment

(b) Effective date of appointment or reappointment {}|

| (DD/MM/YY)|-||| (c) Designation offered|

||}

7. (a) Which of the clause(s) of Part I of Schedule V to the Companies Act, 2013 is or are not satisfied

{|

|-|| (b) Section and the Act under which the appointee was convicted or detained||-||

|-|| (c) Details of the offence committed due to which the proposed appointee is disqualified||-||

}}

8. (a) Whether the proposed appointee or the person in whose respect the application is filed suffers from any of the disqualification mentioned in section 164(2) of the Act.YesNo

(b) If yes, furnish the details thereof

{|

|-| 9.| Justification of such appointment||-||

}}

10. (a) Date of passing Board resolution {}|

Calender

| (DD/MM/YY)|-|| (b)| Date of Nomination Committee and Remuneration Committee s resolution|

||-|| (c)| Date of Members Resolution|

||}|}Attachments(1)Whether the applicant company is a public company or subsidiary of public company, if so details thereof(2)Certified copy of the resolution passed by the Board of Directors in favour of proposal;(3)Certified copy of resolution passed by the Nomination and Remuneration Committee along with its minutes.The composition (i.e. the name and designation of each member including Chairman) of the Nomination and Remuneration Committee (i.e. member including Chairman as an Executive or Non-Executive Director or Independent Non-Executive Director or Non-Independent Non-Executive Director of the Company);(4)Certified copy of the Shareholders

Resolution of the Company in favour of proposal along with notice and explanatory statement pursuant to Section 102 of the Companies Act, 2013;(5)Auditors Certificate pursuant to Section 164 (2) of the Companies Act, 2013;(6)A certificate from the Company Secretary of the Company / Company Secretary in whole time practice that the Nomination & Remuneration Committee has complied with the provisions of sub sections (1), (2), (3) and (4) of Section 178 of the Companies Act, 2013.(7)A certificate from the Company Secretary of the Company / Company Secretary in whole time practice with regard to the compliance of section 196 of the Companies Act, 2013.(8)A certificate from the Company Secretary of the Company / Company Secretary in whole time practice with regard to the compliance of section 203 (3) of the Companies Act, 2013;(9)A certificate duly signed by the Company Secretary of the company that it has complied with all the regulations of SEBI (LODR) Regulation, 2015 entered with Stock Exchanges as per circular issued by SEBI for time to time (in case of listed company).(10)Copy of each of the notices preferably paper cutting, published in the daily English Newspaper in English Language and daily Vernacular Language Newspaper in Principal Language of the district in which the Registered Office of the Company is situated in pursuance of Section 201 (2) of the Companies Act, 2013;(11)Full and proper justification in favour of the proposal along with bio-data of the appointee;(12)Copy of CG-1 Form along with challan, made for condonation of delay under Section 460 of the Act, if the application for appointment has not been made to the Central Government within 90 days of date of appointment;(13)Certified copy of Passport and Employment Visa/OCI/PIO Card in respect of the appointee for the period of his tenure in India, if the appointee is a foreign national.(14)Copies of educational or professional qualification certificate(s)(15)Copy of the Central Government earlier approval or rejection letter(s) etc., if any, in respect of the preceding three years.(16)Optional attachment, if any.DeclarationI am authorized by the Board of Directors of the Company vide resolution no.* dated* to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. I further declare that:.

1. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the company.

2. All the required attachments have been completely and legibly attached to this form

*To be digitally signed by

*Designation (to be given)(Drop down- values: Director, Manager, Company Secretary, CEO, CFO)

*Director identification number of the director; or DIN or PAN of the manager or CEO or CFO; or Membership number of the Company secretary

Certificate by Practicing professional

It is hereby certified that I have gone through the provisions of the Companies Act, 2013 and Rules thereunder for the subject matter of this form and matters incidental thereto and I have verified the above particulars (including attachment(s)) from the original records maintained by the Company which is subject matter of this form and found them to be true, correct and complete and no information material to this form has been suppressed.

*To be digitally signed by

Chartered accountant (in whole-time practice)or

Cost accountant (in whole-time practice)or

Company Secretary (in whole-time practice)

Whether associate or fellowAssociateFellow

Membership number

Certificate of practice number

Note: Attention is also drawn to provisions of Section 448 and 449 which provide for punishment for false statement and punishment for false evidence respectively.

For office use only:

e-Form Service request number (SRN) eForm filling date(DD/MM/YY)

Digital signature of the authorising officer

This e-Form is hereby approved

This e-Form is hereby rejected

Date of signing (DD/MM/YY)