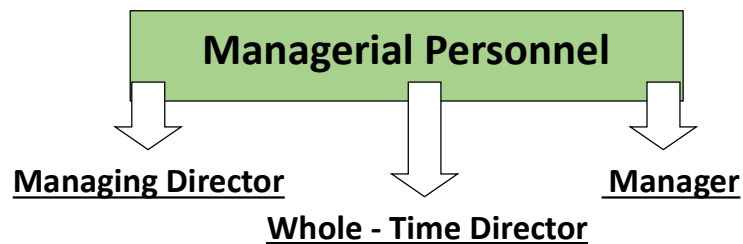


# MANAGERIAL RENUMERATION



Managerial remuneration refers to the compensation provided to the managerial personnel of an organization. This includes salaries, bonuses, stock options, and other benefits given to executives, directors, and senior managers for their services to the company. Managerial remuneration is typically governed by company policies and regulations, and in many jurisdictions, it is subject to legal guidelines and shareholder approval.



As per Section 197(1) Managerial Remuneration shall not Exceed 11% of the net profit for that financial year **PROVIDED THAT** the Company in general meeting may authorised the payment of remuneration exceeding 11% of the net profit of the company, subject to the provision of schedule V.

## Managerial Remuneration Under SCHEDULE V (Part II)

### CEILING ON RENUMERATION IN CASE OF PROFIT.

S.NO	CONDITIONS	MAXIMUM RENUMERATION IN A YEAR
1	Overall limit on managerial remuneration.	11% of the net profit of company.
2	Company with one managing director/ whole time director/ manager.	5% of the net profit of company.
3	Company with more than one managing director/ whole time director/ manager.	10% of the net profit of company.
4	Remuneration payable to directors who are neither managing director nor whole time director.	1% of the net profit of company if there is a managing director or whole-time director.
5	Remuneration payable to directors who are neither managing director nor whole time director.	1% of the net profit of company if there is a no managing director or whole-time director.

## CEILING ON REMUNERATION IN CASE OF HAVING NO PROFIT OR INADEQUATE PROFIT.

S.NO	Where the effective Capital is	Limit of yearly Renumeration Payable shall not exceed in case of a managerial person	Limit of yearly Renumeration Payable shall not exceed in case of other directors
1	Negative or less than 5 crores	60 lakhs	12 lakhs
2	5 crores and above but less than 100 crores	84 lakhs	17 lakhs
3	100 crores and above but less than 250crores	120 lakhs	24 lakhs
4	250 crores and above	120 lakhs +0.01% of the effective capital in excess of 250 crores.	24 lakhs +0.01% of the effective capital in excess of 250 crores

### **Fees to Director**

- ➔ As per **section 197(5)** a director may receive remuneration by way of fee for attending meetings of the board or committee and such amount of fees shall not exceed 1 lakh rupees per meeting.
- ➔ Different fees for different classes of companies and fees in respect of independent director may be such as may be prescribed.
- ➔ Sitting fees paid to Independent Directors and Women directors shall not be less than the sitting fees payable to other directors.

As per Section 197(13) where any insurance taken by a company on behalf of its: -

1. Managing director
2. Whole time director
3. CEO
4. CFO or
5. Company Secretary for in indemnifying any of them against any liability in respect of any negligence, default, breach of duty or breach of trust for which they may be guilty in relation to the company-



**The premium paid on such insurance shall not be treated as apart of remuneration payable to any such personnel.**

These provisions aim to ensure that remuneration practices are fair, transparent, and aligned with the interests of the shareholders and the company.

-----THE END-----