

General Circular No. 46/2011

No 14/03/2011/CL.VII
Government of India
Ministry of Corporate Affairs
5th floor, 'A' Wing, Shastri Bhawan,
Dr. Rajendra Prasad Road, New Delhi
Dated: 14.07.2011

To,

All the Regional Directors,
All the Registrar of Companies,
All Stakeholders

Sub: Waiver of approval of Central Government for payment of remuneration to professional managerial person by companies having no profits or inadequate profits

Sir,

In order to promote the development of Indian Corporate sector and another step towards simplification of procedure under the Companies Act, 1956, the Ministry has decided to amend Schedule XIII to the Companies Act, 1956 w.e.f.14.7.2011.

2. At present, listed companies and their subsidiaries companies, which are not having profits or having inadequate profits, have to come to the Central Government for seeking approval for payment of remunerations exceeding Rs. 4 lakh p.m. even to professional managerial person, who has no interest in the capital or any relation with the directors of the company.

3. Pursuant to this amendment, no approval of Central Government will be required by the listed companies and their subsidiary companies, which are not having profits or having inadequate profits for payment of remunerations exceeding Rs. 4 lakh p.m., if the managerial person:-

(a) is not having any direct or indirect interest in the capital of the company or its holding company or through any other statutory structures at any time during last two years before or on the date of appointment and

(b) is having a graduate level qualification with expert and specialized knowledge in the field of his profession.

4. The other general conditions specified in para (c) of Section II of Part II of Schedule XIII to the Act shall continue to be complied with.

Yours faithfully,

-Sd-
(Monika Gupta)
Assistant Director

Copy to: All concerned