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Mandatory Appointment of Managerial Personnel:

It is mandatory for the below mentioned companies to appoint Managerial Personnel.

1. All Listed Companies
2. Every Public Company having a Paid-Up Share Capital of Rs. 10 Crore (Ten crore rupees) or more

Exemption to Private Companies:

As per Law, there is no compulsion for Private Company to appoint MD, WTD and Manager. As per Act Private Company can continue working without MD, WTD and manager throughout the life of company. But if Private company appoints any Managerial Personnel willingly. Then company requires to follow Section: 196 of CA-2013.

APPOINTMENT OF MANAGERIAL PERSONNEL:

Private Limited Company

As per exemption Notification dated: June 5, 2015 provisions of section 196(4) and 196(5) are not applicable on Private Limited Companies.

Because of Exemption following provisions are not applicable on Private Limited Companies:

- Overall managerial remuneration (197)
- Schedule V
- Approval of Shareholders
- Central Government Approval
- Filing of e-form MR-1

[1]PROCESS:

A. Appointment of Existing Director as Managerial Personnel

Steps	Time Frame	Particular	Detail of Provisions	Dox/Form involved
I.	0	Calling of Board Meeting	Director will call for the Meeting of Board of Directors	- Notice of BM - Agenda - Notes to Agenda - Draft Resolution

[1] Term of Managerial Personnel will be 5 year in case of all Companies.

II.	0-8	Receiving of Documents from Person	- Obtain MBP-1 from the Directors.	-
III.	8	Holding of Board Meeting	- Approve the Draft agreement or the terms and conditions on which the MD is proposed to be appointed. - Pass Board Resolution for designation of Director as MD/WTD/Manager - Authorize any director of the Company to file forms with the Company	- Certified true copy of Resolution - Agreement - Appointment Letter -
IV.	23	Circulation of Draft Minutes	Company will circulate the copy of draft minutes to all the directors of the Company for their Comments.	-
V.	30	Comments of Directors	If Company receives any comments of the Directors on the Draft minutes then incorporate the same in the Minutes.	-
VI.	38	Filing of e-form	**MGT-14** File certified true copy of resolution with the concerned ROC within 30 days of passing of Resolution. **DIR-12** File certified true copy of resolution with the concerned ROC within 30 days of passing of Resolution. Get the minutes **Signed** from the Chairman of the Meeting and get the signed minutes **Certified** from director authorized for the same.	-

B. Appointment of New Director as Managerial Personnel

Steps	Time Frame	Particular	Detail of Provisions	Dox /Form involved
I.	0	Calling of Board Meeting	Director will call for the Meeting of Board of Directors	- Notice of BM - Agenda - Notes to Agenda - Draft Resolution
II.	0-8	Receiving of Documents from concerned Person	Obtain the following from the Proposed person. - MBP-1 (Interests) - DIR-2 (Consent) - DIR-8 (Non-disqualification)	
III.	8	Holding of Board Meeting	- Pass Board Resolution for appointment of additional Director. - Pass Board Resolution to designate additional Director as MD/WTD/Manager. - Approve the Draft agreement or the terms and conditions on which the MD is proposed to be appointed. - Authorize any director of the Company to file forms with the Company	- Certified true copy of both Resolution - Agreement - Appointment Letter
IV.	23	Circulation of Draft Minutes	Company will circulate the copy of draft minutes to all the directors of the Company for their Comments.	
V.	30	Comments of Directors	If Company receives any comments of the Directors on the Draft minutes then incorporate the same in the Minutes.	
VI.	38	Filing of e-form	**MGT-14** File certified true copy of resolution with the concerned ROC within 30 days of passing of Resolution. **DIR-12 (Appoint as AD)** File certified true copy of resolution with the concerned	

			ROC within 30 days of passing of Resolution. **<u>DIR-12 (Designate as MD/WTD/Manager)</u>** File certified true copy of resolution with the concerned ROC within 30 days of passing of Resolution. Get the minutes **<u>Signed</u>** from the Chairman of the Meeting and get the signed minutes **<u>Certified</u>** from director authorized for the same.	
VII.	Subsequent General Meeting			
VIII.	0	Notice of General Meeting	Directors will call the meeting of Shareholders.	- Notice of GM - Route Map - Explanatory Statement - Attendance Slip
IX.	23	Holding of General Meeting	- Pass ordinary resolution for regularization of Additional director as continue Director.	- Forms

<u>Important Note for Private Limited Company:</u>

- [2]A person can be appointing as MD in more than one Private Limited Company.
- A Company can have more than one MD/WTD.

[2] 203(3) third proviso not applicable on Private Limited Company.

APPOINTMENT OF MANAGERIAL PERSONNEL:

Public Limited Company

While appointing Managerial Personnel Public Company required following Section 196, Section 197, Schedule V and Section 203(some extent).

- Form MR-1 , MGT-14 and DIR-12 will file.
- Board of Director will appoint subject to approval of Shareholders.

PROCESS:

A. Appointment of Existing Director as Managerial Personnel

Steps	Time Frame	Particular	Detail of Provisions	Dox/Form involved
I.	0	Calling of Board Meeting	Director will call for the Meeting of Board of Directors	- Notice of BM - Agenda - Notes to Agenda - Draft Resolution
II.	0-8	Receiving of Documents from Person	- Obtain Disclosure of Interest of Directors.	MBP-1
III.	8	Holding of Board Meeting	- Approve the Draft agreement or the terms and conditions on which the MD is proposed to be appointed. - Pass Board Resolution for recommendation to shareholders for designation of Director as MD/WTD/Manager - Authorize any director of the Company to file forms with the Company - Authorize the director of the Company to call EGM.	- Certified true copy of Resolution - Agreement - Appointment Letter
IV.	9	Documents to call EGM	Directors will call the meeting of Shareholders.	- Notice of GM - Route Map - Explanatory Statement - Attendance Slip
V.	23	Circulation of Draft Minutes	Company will circulate the copy of draft minutes to all the directors of the Company for their Comments.	
VI.	30	Comments of	If Company receive any	

		Directors	comments of the Directors on the Draft minutes then incorporate the same in the Minutes.	
VII.	38	Signing of Minutes	Get the minutes **Signed** from the Chairman of the Meeting and get the signed minutes **Certified** from director authorized for the same.	
VIII.	32	Holding of EGM	Pass ordinary resolution for appointment of Managerial Personnel	- Forms
IX.	62	Filing of e-form	**MGT-14** File certified true copy of resolution with the concerned ROC within 30 days of passing of Resolution. **DIR-12** File certified true copy of resolution with the concerned ROC within 30 days of passing of Resolution for change in designation.	
X.	92	Filing of e-form	**MR-1** File certified true copy of resolution along with other documents with the concerned ROC within 60 days of passing of Board Resolution.	

B. Appointment of New Director as Managerial Personnel

Steps	Time Frame	Particular	Detail of Provisions	Docs /Form involved
I.	0	Calling of Board Meeting	Director will call for the Meeting of Board of Directors	- Notice of BM - Agenda - Notes to Agenda - Draft Resolution
II.	0-8	Receiving of Documents from Person	Obtain from the Proposed person. - MBP-1 (Interests) - DIR-2 (Consent)	

			- DIR-8 (Non-disqualification)	
III.	8	Holding of Board Meeting	- Pass Board Resolution for recommendation to shareholders for appointment MD / WTD / Manager - Approve the Draft agreement or the terms and conditions on which the MD is proposed to be appointed. - Authorize any director of the Company to file forms with the Company - Authorize the director of the Company to call EGM.	- Certified true copy of both Resolution - Agreement - Appointment Letter
IV.	9	Notice to call EGM	Directors will call the meeting of Shareholders.	- Notice of GM - Route Map - Explanatory Statement - Attendance Slip
V.	24	Circulation of Draft Minutes	Company will circulate the copy of draft minutes to all the directors of the Company for their Comments.	-
VI.	31	Comments of Directors	If Company receives any comments of the Directors on the Draft minutes then incorporate the same in the Minutes.	-
VII.	39	Signing of Minutes	Get the minutes **Signed** from the Chairman of the Meeting and get the signed minutes **Certified** from director authorized for the same.	-
VIII.	32	Holding of EGM	Pass ordinary resolution for appointment of Managerial Personnel	
XI.	62	Filing of e-form	**MGT-14** File certified true copy of resolution with the concerned ROC within 30 days of passing of Resolution. **DIR-12**	-

			File certified true copy of resolution with the concerned ROC within 30 days of passing of Resolution for change in designation.	
XII.	92	Filing of e-form	**MR-1** File certified true copy of resolution alng with other documents with the concerned ROC within 60 days of passing of Board Resolution.	-

All Companies

APPOINTMENT OF MANAGERIAL PERSONNEL ATTAINED AGE OF 70 YEARS:

Steps	Time Frame	Particular	Detail of Provisions	Dox /Form involved
I.	0	Calling of Board Meeting	Director will call for the Meeting of Board of Directors	- Notice of BM - Agenda - Notes to Agenda - *[3]Draft Resolution
II.	0-8	Receiving of Documents from Person	Obtain from the Proposed person. - MBP-1 (Interests) - DIR-2 (Consent) - DIR-8 (Non-disqualification)	
III.	8	Holding of Board Meeting	- Pass Board Resolution for recommendation to shareholders for appointment MD / WTD / Manager - Approve the Draft agreement or the terms and conditions on which the MD is proposed to be appointed. - Authorize any director of the Company to file forms with the Company	- Certified true copy of both Resolution - Agreement - Appointment Letter

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			- Authorize the director of the Company to call EGM.	
IV.	9	Notice to call EGM	Directors will call the meeting of Shareholders.	- Notice of GM - Route Map - Explanatory Statement - Attendance Slip
V.	23	Circulation of Draft Minutes	Company will circulate the copy of draft minutes to all the directors of the Company for their Comments.	-
VI.	30	Comments of Directors	If Company receives any comments of the Directors on the Draft minutes then incorporate the same in the Minutes.	-
VII.	38	Signing of Minutes	Get the minutes **Signed** from the Chairman of the Meeting and get the signed minutes **Certified** from director authorized for the same.	-
VIII.	32	Holding of EGM	Pass Special resolution for appointment of Managerial Personnel	
XIII.	62	Filing of e-form	**MGT-14** File certified true copy of resolution with the concerned ROC within 30 days of passing of Resolution. **DIR-12** File certified true copy of resolution with the concerned ROC within 30 days of passing of Resolution for change in designation.	-
XIV.	92	Filing of e-form	[4]**MR-1** File certified true copy of resolution along with other documents with the concerned ROC within 60 days of passing of Board Resolution.	-

PROCESS OF FIXATION OF REMUNERATION OF MANAGERIAL PERSONNEL

[4] In case of Private Limited Company no need to file MR-1.

Remuneration to Managerial Personnel govern by Section 197 read with
Schedule V. Section 197 and Schedule V to the COMPANIES ACT, 2013. Section 197 prescribes certain caps and compliance only in regard to the remunerations of Directors including MD, WTD and Manager

Remuneration of a MD/WTD may be fixed in any of the following ways
Subject to the limit of 11% prescribed under.

a) By the Company's Article of Association
b) By an Ordinary resolution [section 197 of the 2013 Act]
c) By a Special Resolution if the Articles of the company so require

LIMIT:

If the remuneration so fixed is 5% or less of the net profits of the Company for one such director and 10% or less for more than one such director, then

	• **Call a Board Meeting**: Call a Board Meeting after giving notice to all the directors of the Company to approve such remuneration subject to approval of Shareholders in subsequent General Meeting. • **Passing of Resolution**: - Pass Board resolution for fixation of Remuneration subject to approval of Shareholders in subsequent General Meeting. - Passing of Board Resolution for calling of EGM. • **Holding of EGM:** - Pass Ordinary resolution/Special Resolution in the GM for increase in Remuneration of Director. Remuneration should be within the limit fixed u/s 197 read with schedule V of 2013 Act. • **Filing of e-form:** File e-form MGT-14 with the concerned ROC within 30 days of the passing of the General Meeting Resolution fixation of remuneration.

INCREASE IN REMUNERATION OF MANAGERIAL PERSONNEL:

All Companies

Remuneration to Managerial Personnel govern by Section 197 read with
Schedule V. Section 197 and Schedule V to the COMPANIES ACT, 2013. Section 197 prescribes certain caps and compliance only in regard to the remunerations of Directors including MD, WTD and Manager

PROCESS:

I.	Check if the increase is in accordance with the provisions of Section 197 of the 2013 Act read with Schedule V. If the approval is in accordance with the condition of the Schedule, no approval of Central Government is necessary.	
II. **Private Limited**	**Private Limited**:	• **Call a Board Meeting**: A Private limited Company not being a subsidiary of public Company, call a Board Meeting after giving notice to all the directors of the Company to approve such increase in remuneration. • No further approval is necessary unless the Article of Association so require. • Pass Board resolution for increase in Remuneration. • Whenever necessary, complete proceedings to alter Articles.
III. **Public Limited**	Public Company	**SUFFICIENT PROFIT:** • **Call a Board Meeting**: A Private limited Company not being a subsidiary of public Company, call a Board Meeting after giving notice to all the directors of the Company to approve such increase in remuneration. • **Passing of Resolution**: - Pass Board resolution for increase in Remuneration subject to approval of Shareholders in subsequent General Meeting. - Passing of Board Resolution for calling of EGM. • **Holding of EGM:** - Pass Ordinary resolution in the GM for increase in Remuneration of Director. Remuneration should be within the limit fixed u/s 197 read with schedule V of 2013 Act. • **Filing of e-form:** File e-form MGT-14 with the concerned ROC within 30 days of the passing of the Board Resolution varying the remuneration or the making of the agreement of variation.
IV.		**INSUFFICIENT PROFIT:** All provision will be same life sufficient profit except following editions: • Check whether payment of increase remuneration as per schedule V part II of the 2013 Act. • [5]If remuneration is more then as mentioned in Part II but less then doubled mentioned in Part II then pass Special Resolution. • **Filing of e-form:** File e-form MGT-14 with the concerned ROC within 30 days of the

[5] A Company may, without seeking Central Government approval, pay twice the limits given in the table in Para A of Schedule V part II Section II of the 2013 Act or Para B of the said schedule or Section III of the aid schedule, if the shareholders approve the same by passing of special resolution.

		passing of the Special Resolution varying the remuneration or the making of the agreement of variation

Terms Change

CHANGE IN TERMS OF MANAGERIAL PERSONNEL:

PUBLIC COMPANY

Steps	Time Frame	Particular	Detail of Provisions	Dox /Form involved
I.	0	Calling of Board Meeting	Director will call for the Meeting of Board of Directors	- Notice of BM - Agenda - Notes to Agenda - *[6]Draft Resolution
II.	8	Holding of Board Meeting	Pass Board Resolution for alteration in the terms of Managerial Personnel.[196(4)]	- Certified true copy of both Resolution - Altered Agreement
III.	9	Notice to call EGM	Directors will call the meeting of Shareholders.	- Notice of GM - Route Map - Explanatory Statement - Attendance Slip
IV.	23	Circulation of Draft Minutes	Company will circulate the copy of draft minutes to all the directors of the Company for their Comments.	-
V.	30	Comments of Directors	If Company receives any comments of the Directors on the Draft minutes then incorporate the same in the Minutes.	-
VI.	38	Signing of Minutes	Get the minutes **Signed** from the Chairman of the Meeting and get the signed minutes **Certified** from director authorized for the same.	-
VII.	32	Holding of EGM	Pass Ordinary resolution for alteration in the terms of Managerial Personnel	
XV.	62	Filing of e-form	**MGT-14** File certified true copy of resolution with the concerned ROC within 30 days of passing of Resolution. [117(3)(c)]	-

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CHANGE IN TERMS OF MANAGERIAL PERSONNEL:

PRIVATE COMPANY

In case of Private Limited Companies Section 196(4) not applicable therefore no need for the Company to pass Board/General Meeting resolutions for alteration in the terms of Managerial personnel. But practically these type of decisions are the Board decision. Therefore Board of Director may pass a Board resolution for alteration in the term of Managerial Personnel.

If Company passes Board Resolution then Process:

	• **Call a Board Meeting**: Call a Board Meeting after giving notice to all the directors of the Company to approve terms. • **Passing of Resolution**: - Pass Board resolution for alteration in the terms.. • **Filing of e-form:** File e-form MGT-14 with the concerned ROC within 30 days of the passing of the Board Resolution fixation of remuneration.[170(3)(c)]