<table>
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<tr>
<th>Section</th>
<th>Heading</th>
<th>Particulars</th>
<th>Yes/No</th>
<th>Remarks</th>
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</table>
| Section 196| Appointment of Managing Director, Whole time Director, Manager | 1. Ensure that company has not appoint or employ at the same time –  
• A Manager And  
• Managing director  
2. Ensure that company has not appointed or re-appointed its managing director, whole time director or manager for a term exceeding five years at a time.  
3. Ensure that re-appointment was made earlier than one year before the expiry of term.  
4. Ensure that the appointment of a person (who has attained the age70 years) as a managing director, whole time director or manager must be made by passing a special resolution at a general meeting.  
5. Ensure that the explanatory statement annexed to the notice should indicate the justification for appointing such person  
6. Ensure that company has not appointed or re-appointed |        |         |
any person who possesses the disqualifications mentioned therein.

7. Ensure that the appointment of a managing director, whole-time director or manager must be approved by the board of directors at a meeting which shall be approved by a resolution at the next general meeting of the company and also by the central government (in case such appointment is at variance to the conditions specified in that schedule)

8. Ensure that a notice convening board or general meeting for considering such appointment must include the

- Terms and conditions of such appointment
- Conditions of such appointment
- Remuneration payable
- Such other matters, including interest, of a director in such appointment.

9. Ensure that company has filed a Return Of Appointment of a Managing Director, Whole Time Director Manager, Chief Executive Officer (CEO), Company Secretary (CS) And Chief Financial Officer (CFO) within 60 days of the appointment with the registrar in Form no. MR.1.
<table>
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<tr>
<th>Section 197</th>
<th>Overall Managerial Remuneration in case of No or Inadequate profit</th>
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<tbody>
<tr>
<td><strong>1.</strong> Ensure that being a public company, the remuneration paid by company to its directors, managing director, whole time director and manager does not exceed 11% of the net profits of that financial year computed as per the manner of section 198.</td>
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<td><strong>2.</strong> Ensure that if company is intended to provide remuneration of more than 11% of the net profits, then such payment must be authorized by general meeting and approval of central government has also obtained along with the provisions of schedule(V)</td>
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<td><strong>3.</strong> Ensure that company has obtained the approval in general meeting in case-</td>
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<tr>
<td><strong>1.</strong> Remuneration payable to:-</td>
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<tr>
<td>• Any one managing director; or whole time director, and its manager exceeds 5% of the net profits; and</td>
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<td>• Remuneration exceeds 10% of the net profits to all such directors and managers taken together in any other case;</td>
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<td><strong>2.</strong> Remuneration payable to directors who are neither managing directors nor whole time director exceeds:</td>
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| • 1 % of the net profits of the company, if there
is a managing or whole time director or manager;

- 3% of the net profits in any other case.

4. Ensure that the abovementioned % of remuneration does not include seating fees.

5. Ensure that company has followed provisions of its article of association regarding remuneration.

6. Ensure that such remuneration does not include remuneration payable for the services rendered (of a professional nature) in any other capacity.

7. Ensure that company has not waived the recovery of any sum refundable to it unless permitted by the central government.

8. Ensure that the sitting fees paid to the directors for attending meetings was decided by the board of directors subject to the condition that such fees does not exceed Rs.1,00,000 in any case.

9. Ensure that the sitting fees paid by the company to the Independent directors and women directors was not less than the sitting fees paid to other directors.
10. Ensure that **being a listed company** the board report of the company must disclose the following particulars:

- ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;
- % increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;
- % increase in the median remuneration of employees in the financial year;
- Number of permanent employees on the rolls of company;
- Explanation on relationship between average increase in remuneration and company performance;
- Comparison of the remuneration of the Key Managerial Personnel against the performance of the company;
- **Variation in the market**
capitalization of the company,

- price earnings ratio as at the closing date of the current financial year and previous financial year and
- % increase over decrease in the market quotation of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies and in case of un-listed companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year

- 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;
• comparison of the each remuneration of the Key Managerial Personnel against the performance of the company;
• key parameters for any variable component of remuneration availed by the directors;
• the ratio of the remuneration of the highest paid director to that of the employee who are not directors but receive remuneration in excess of the highest paid director during the year;
11. Ensure that the board’s report must include a statement showing the name of every employee of the company, who-
• If employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not
- 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 Rs. 5,00,000 per month;
- 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 2% of the equity shares of the company.

### Section 201

1. Ensure that company has made an application to the central government as per the provisions of chapter (xiii) in Form No. MR-2.

2. Ensure that company has made every such application to the central government within a period of 90 days from the date of such appointment.

3. Ensure that company before making such application
issued by or on behalf of the company a general notice to the members indicating the nature of the application proposed to be made.

4. Ensure that the copies of the notices, together with a certificate by the company as to the due publication thereof, shall be attached to the application.

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<tr>
<th>Section 203</th>
<th>Appointment of Key Managerial Personnel</th>
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<tr>
<td>1. Ensure that being a listed company and every other public company having a paid–up capital of Rs ten crore or more must have the following Whole-Time Key Managerial Personnel –</td>
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<td>• Managing director, or chief executive officer or manager and in their absence, a Whole Time Director;</td>
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<td>• Company secretary;</td>
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<td>• Chief financial officer</td>
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2. Ensure that company has appointed every Whole-Time Key Managerial Personnel by means of resolution of board containing the terms and conditions of the appointment including the remuneration.

<table>
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<tr>
<th>Section 204</th>
<th>Secretarial Audit</th>
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<td>1. Ensure that <strong>being a listed company and Public company having</strong></td>
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<td>• A paid–up share capital of RS. 50 crore or more;</td>
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<td>• a turnover of Rs. 250 crore or more</td>
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<td><strong>Note:</strong> Must along with its board’s Report annex a Secretarial Audit Report.</td>
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2. Ensure that company’s secretarial audit report must be in **Form .No. MR-3.**

3. Ensure that the board of directors of the company must explain in their board’s Report full qualification or observation or other remarks made by the Company Secretary in his report.