THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up by an Act of Parliament)

Corporate Laws & Corporate Governance Committee
The Institute of Chartered Accountants of India

19th March, 2021

ANNOUNCEMENT

Sub: **Amendment to the Schedule V of the Companies Act, 2013**

This is to inform you that the Ministry of Corporate Affairs has issued a notification dated 18.03.2021 amending the provisions of Schedule V of the Companies Act, 2013.

The amendment in Schedule V is brought pursuant to the changes made by Companies (Amendment) Act, 2020 in the provisions of section 149(3) and section 197(3) of the Act which relates to remuneration of Non-executive Directors (including Independent Directors) in case of absence or inadequate profits which is made effective from 18th March 2021.

Accordingly, following changes have been made in part II (Remuneration) of the Schedule V of the Act:

S No.	Section of the Part II of the Schedule V of the Companies Act, 2013	Pre-Amendment	Post Amendment
1	Section I	Subject to the provisions of section 197, a company having profits in a financial year may pay remuneration to a managerial person or persons not exceeding the limits specified in such section.	Subject to the provisions of section 197, a company having profits in a financial year may pay remuneration to a managerial person or persons or other director or directors not exceeding the limits specified in such section.
2	Section II	The provisions were specified only for "managerial person"	The provisions as specified in Schedule II are now extended to "or other director" i.e. (non-executive director or an independent director). Further Table A, has been substituted to include the 'limit of yearly remuneration payable which shall not exceed in case of other director'.

3	Section III	The provisions were specified only for "managerial person(s)"	The provisions as specified in Section III are now extended to "or other director" i.e. (non-executive director or an independent director) However, the clause (i) of the proviso is still applicable to "managerial person" only.
4	Section III	The term "or other director" was not explained	An explanation has been added defining the term "or other director" which is as follows: Explanation- For the purpose of Section I, II and III, the term "or other director" shall mean a non-executive director or an independent director.

Notification is available at the link-
http://www.mca.gov.in/Ministry/pdf/AmendmentNotification_18032021.pdf

Members may take note of the above.

Sincerely Yours,

Chairman and Vice Chairman
Corporate Laws & Corporate Governance Committee
The Institute of Chartered Accountants of India