

Press Release
Ministry of Corporate Affairs
Dated 21-4-2010

Ceiling on remuneration of Chief Executives of Companies

The Government has said that the Companies Act, 1956 does prescribed a ceiling on the remuneration of chief executives of companies. Giving this information in written reply to a question in the Rajya Sabha, the Minister for Corporate Affairs, Shri Salman Khurshid, said that the total managerial remuneration to be paid to a Board level CEO of a company having only one Whole Time Director or a Manager is 5% of the profit of the company and the total remuneration to be paid to all the Board level Directors together of a company, having more than one Whole Time Director or Manager, is 10% of the profit of the company under Section 198 of the Companies Act,1956. In case of companies having inadequate profit or making losses the remuneration is determined in accordance with the directions under Schedule XIII of the Companies Act, 1956.

However, the companies may pay more than the prescribed ceiling to their CEOs who are holding Board level positions with the approval of the Central Government as per provisions of the Companies Act, 1956, Shri Khurshid said.