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Interpretation Of Company Law SEC 197 SECOND PROVISO (i)

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21 January 2020

Kapil Kumar Singh Adv (Querist)

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It says " the remuneration payable to any One MD or WTD or manager shall not exceed 5 percent of the net profits of the company and if there is more than ONE SUCH DIRECTOR remuneration shall not exceed ten percent of the net profits to all such directors and manager taken together "

My INTERPRETATION IS ----

when in the latter part of Sec it says " if there is more than one such director " -- it is referring only to MD or WTD And Not Manager .

But in all the books it says " if there is more than one MD or WTD or

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Manager " -- which in my opinion is NOT Correct .

And my interpretation is also supported by last few words of the Sec "to all Such DirectorS and Manager Taken Together "


Here SUCH DIRECTORS means MD or WTD and NOT MANAGER ,

Moreover the word Director is used in Plural tense and not Manager .

Again i am doing hair splitting But i want correct interpretation

Thanks

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22 January 2020

Can you please give your opinion on section 2(53) of the Companies Act 2013?

Can we read section 197 in conjunction with section 2(53)?

Amol S Joglekar

(Expert)

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22 January 2020

Sir my interpretation is that since the Sec especially uses the word WTD , MD and Manager -- it means three different persons are being referred to. Otherwise there was no need to mention three different words , it would have used only Manager .

Kapil Kumar Singh

Adv (Querist)

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23 January 2020

So? Point is clear that if there is more than ONE SUCH DIRECTOR (WTD or MD as per your interpretation) remuneration shall not exceed ten percent of the net profits to all such directors (WTD and/or MD) and manager taken together. Right?
What is the query now?

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