

F.No. 14/11/2012-CL-VII
Government of India
Ministry of Corporate Affairs

5th Floor, 'A' Wing,
Shastri Bhawan, New Delhi,
Dated: 16th August, 2012

To,

All Regional Directors
All Registrars of Companies
The Institute of Company Secretaries of India
The Institute of Chartered Accountants of India
The Institute of Cost Accountants of India

Subject: Gazette notification GSR 534(E) dated 14/07/2011- clarification regarding.

I am directed to refer to the Gazette Notification No. GSR 534(E) dated 15th July, 2011 whereby companies were exempted from obtaining the approval of the Central Government for payment of remuneration exceeding the limits imposed by the Companies Act, 1956 in respect of the managerial persons not having any interest in the capital of the company and not related to the directors or promoters thereof.

In this regard, a number of representations have been received from stakeholders pointing to the corporate practice of allocating shares by way of qualification shares and/ or shares under any scheme for allotment of shares to the employees of the company including under Employees' Stock Option Plan (ESOP).

It is hereby clarified that any employee of a company holding shares of the company upto 0.5% of paid up share capital thereof under any scheme formulated for allotment of shares to such employees including under Employees' Stock Option Plan or by way of qualification shares are also covered under the category of persons not having any interest in the capital of the company in terms of the Ministry's notification GSR 534(E) dated 14.07.2011.



(L.K. Trivedi)

16/8/2012

Under Secretary to the Govt. of India