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Instruction Kit for eForm MR-1
(Return of appointment of key managerial personnel)

About this Document

The Instruction Kit has been prepared to help you file eForm with ease. This document provides references to laws governing the eForms, instructions to fill the eForm at field level, and common instructions to fill all the eForms. The document also includes important points to be noted for successful submission.

User is advised to refer instruction kit specifically prepared for each eForm.

This document is divided into following sections:

[Part I – Laws Governing the eForm](#)

[Part II – Instructions to fill the eForm](#)

[Part III – Important Points for Successful Submission](#)

Click on any section link to refer to the section.

Part I – Laws Governing the eForm

Section and Rule Numbers

eForm MR-1 is filed in pursuant to Section 196, 197, and Schedule V of the Companies Act, 2013 and Rule 3 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 which is reproduced for your reference:

Section 196:

- (1) No company shall appoint or employ at the same time a managing director and a manager.
- (2) No company shall appoint or re-appoint any person as its managing director, whole-time director or manager for a term exceeding five years at a time:
Provided that no re-appointment shall be made earlier than one year before the expiry of his term.
- (3) No company shall appoint or continue the employment of any person as managing director, whole-time director or manager who —
 - (a) Is below the age of twenty-one years or has attained the age of seventy years:
Provided that appointment of a person who has attained the age of seventy years may be made by passing a special resolution in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such person;
 - (b) is an undischarged insolvent or has at any time been adjudged as an insolvent;
 - (c) Has at any time suspended payment to his creditors or makes, or has at any time made, a composition with them; or

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(d) has at any time been convicted by a court of an offence and sentenced for a period of more than six months.

(4) Subject to the provisions of section 197 and Schedule V, a managing director, whole-time director or manager shall be appointed and the terms and conditions of such appointment and remuneration payable be approved by the Board of Directors at a meeting which shall be subject to approval by a resolution at the next general meeting of the company and by the Central Government in case such appointment is at variance to the conditions specified in that Schedule: Provided that a notice convening Board or general meeting for considering such appointment shall include the terms and conditions of such appointment, remuneration payable and such other matters including interest, of a director or directors in such appointments, if any:

Provided further that a return in the prescribed form shall be filed within sixty days of such appointment with the Registrar.

(5) Subject to the provisions of this Act, where an appointment of a managing director, whole-time director or manager is not approved by the company at a general meeting, any act done by him before such approval shall not be deemed to be invalid.

Section 197:

(1) The total managerial remuneration payable by a public company, to its directors, including managing director and whole-time director, and its manager in respect of any financial year shall not exceed eleven per cent of the net profits of that company for that financial year computed in the manner laid down in section 198 except that the remuneration of the directors shall not be deducted from the gross profits:

Provided that the company in general meeting may, with the approval of the Central Government, authorize the payment of remuneration exceeding eleven per cent. Of the net profits of the company, subject to the provisions of Schedule V:

Provided further that, except with the approval of the company in general meeting,—

(i) The remuneration payable to any one managing director; or whole-time director or manager shall not exceed five per cent. Of the net profits of the company and if there is more than one such director remuneration shall not exceed ten per cent. Of the net profits to all such directors and manager taken together;

(ii) The remuneration payable to directors who are neither managing directors nor whole-time directors shall not exceed,—

(A) one per cent. Of the net profits of the company, if there is a managing or whole-time director or manager;

(B) three per cent. Of the net profits in any other case.

(2) The percentages aforesaid shall be exclusive of any fees payable to directors under sub-section (5).

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(3) Notwithstanding anything contained in sub-sections (1) and (2), but subject to the provisions of Schedule V, if, in any financial year, a company has no profits or its profits are inadequate, the company shall not pay to its directors, including any managing or whole time director or manager, by way of remuneration any sum exclusive of any fees payable to directors under sub-section (5) hereunder except in accordance with the provisions of Schedule V and if it is not able to comply with such provisions, with the previous approval of the Central Government.

(4) The remuneration payable to the directors of a company, including any managing or whole-time director or manager, shall be determined, in accordance with and subject to the provisions of this section, either by the articles of the company, or by a resolution or, if the articles so require, by a special resolution, passed by the company in general meeting and the remuneration payable to a director determined aforesaid shall be inclusive of the remuneration payable to him for the services rendered by him in any other capacity: Provided that any remuneration for services rendered by any such director in other capacity shall not be so included if—

(a) The services rendered are of a professional nature; and

(b) In the opinion of the Nomination and Remuneration Committee, if the company is covered under sub-section (1) of section 178, or the Board of Directors in other cases, the director possesses the requisite qualification for the practice of the profession.

(5) A director may receive remuneration by way of fee for attending meetings of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board:

Provided that the amount of such fees shall not exceed the amount as may be prescribed:

Provided further that different fees for different classes of companies and fees in respect of independent director may be such as may be prescribed.

(6) A director or manager may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the company or partly by one way and partly by the other.

(7) Notwithstanding anything contained in any other provision of this Act but subject to the provisions of this section, an independent director shall not be entitled to any stock option and may receive remuneration by way of fees provided under sub-section (5), reimbursement of expenses for participation in the Board and other meetings and profit related commission as may be approved by the members.

(8) The net profits for the purposes of this section shall be computed in the manner referred to in section 198.

(9) If any director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the limit prescribed by this section or without the prior sanction of the Central

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Government, where it is required, he shall refund such sums to the company and until such sum is refunded, hold it in trust for the company.

(10) The company shall not waive the recovery of any sum refundable to it under sub-section (9) unless permitted by the Central Government.

(11) In cases where Schedule V is applicable on grounds of no profits or inadequate profits, any provision relating to the remuneration of any director which purports to increase or has the effect of increasing the amount thereof, whether the provision be contained in the company's memorandum or articles, or in an agreement entered into by it, or in any resolution passed by the company in general meeting or its Board, shall not have any effect unless such increase is in accordance with the conditions specified in that Schedule and if such conditions are not being complied, the approval of the Central Government had been obtained.

(12) Every listed company shall disclose in the Board's report, the ratio of the remuneration of each director to the median employee's remuneration and such other details as may be prescribed.

(13) Where any insurance is taken by a company on behalf of its managing director, whole-time director, manager, Chief Executive Officer, Chief Financial Officer or Company Secretary for indemnifying any of them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the company, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel:

Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

(14) Subject to the provisions of this section, any director who is in receipt of any commission from the company and who is a managing or whole-time director of the company shall not be disqualified from receiving any remuneration or commission from any holding company or subsidiary company of such company subject to its disclosure by the company in the Board's report.

(15) If any person contravenes the provisions of this section, he shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.

Section 203 (3):

A whole-time key managerial personnel shall not hold office in more than one company except in its subsidiary company at the same time:

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Provided that nothing contained in this sub-section shall disentitle a key managerial personnel from being a director of any company with the permission of the Board:

Provided further that whole-time key managerial personnel holding office in more than one company at the same time on the date of commencement of this Act, shall, within a period of six months from such commencement, choose one company, in which he wishes to continue to hold the office of key managerial personnel:

Provided also that a company may appoint or employ a person as its managing director, if he is the managing director or manager of one, and of not more than one, other company and such appointment or employment is made or approved by a resolution passed at a meeting of the Board with the consent of all the directors present at the meeting and of which meeting, and of the resolution to be moved thereat, specific notice has been given to all the directors then in India.

Rule 3:

(1) For the purposes of second proviso to sub-section (4) of section 196, a company shall file a return of appointment of a Managing Director, Whole Time Director or Manager, Chief Executive Officer (CEO), Company Secretary and Chief Financial Officer (CFO) within sixty days, with the Registrar in Form No. MR-1 along with such fee.

(2) For the purposes of section 198(4)(1) of the Companies Act, 2013, calculation for deduction from net profit of accumulated losses only from the commencement of this Act means Companies (Amendment) Act, 1960.

Purpose of the eForm

In case the appointment of an key managerial personnel is made within the specified parameters (in accordance of schedule V of the Companies Act, 2013) then a return has to be filed in eForm MR-1 with RoC within 60 days from the date of such appointment. The provisions of section 196 are applicable to all the companies whether public or private and no company can appoint at the same time managing director and a manager.

While the maximum term of Managing Director/ Whole Time Director & Manager has been fixed for 5 years at a time, it has been provided that no reappointment shall be made earlier than 1 year before the expiry of his term.

eForm Number as per Companies Act, 1956

Form 25C of the Companies Act, 1956.

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Part II – Instructions to fill the eForm

Specific Instructions to fill the eForm MR-1 at Field Level

Instructions to fill the eForm are tabulated below at field level. Only important fields that require detailed instructions to be filled in eForm are explained. Self-explanatory fields are not discussed.

S. No/ Section Name	Field Name	Instructions
1	(a) Corporate identity number (CIN) of the company	Enter the valid CIN of the company. On clicking the Pre-fill button, system will automatically display the name and registered office address of the company.
3	(a) Director Identification number (DIN) or income-tax permanent account number (PAN)	Enter approved DIN or valid income tax PAN. Please provide DIN in case the designation is whole time director or managing director and PAN in case of manager.
	(b) Name	Enter the full name of the person who is being appointed.
7	Terms and conditions including remuneration	
	(a) Remuneration	This filed 7(a) ,(b) shall be displayed and mandatory only in case designation selected in field 4 as " Managing Director, Whole Time Director or Manager" Enter the details of remuneration including salary, perquisites and others either per month or per annum. The field 'total' should be equal to the sum of salary, perquisites and others.
	(b) Tenure of appointment	'From' date should be the effective date of appointment of the appointee.

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S. No/ Section Name	Field Name	Instructions
8	(b)	<p>If yes, date of passing of special resolution by the shareholders approving the appointment SRN of related Form No. MGT.14 (for filing of Special Resolution)</p> <p>This filed 8 (b) shall be displayed and mandatory only in case designation selected in field 4 as "Managing Director, Whole Time Director or Manager"</p> <p>If the age of appointee is more than 70 years, then enter the date of passing of special resolution by the shareholders authorizing the appointment.</p> <p>Enter a valid SRN of eForm MGT.14 filed for special resolution authorizing appointment where the age of appointee is more than seventy years of age.</p>
9	(b)	<p>If yes, Date of obtaining Central Government's approval</p> <p>This filed 9 (b) shall be displayed and mandatory only in case designation selected in field 4 as "Managing Director, Whole Time Director or Manager"</p> <p>If the appointee had been convicted or detained under any of the Acts mentioned in Part I of Schedule V, then enter the date of obtaining central government's approval for the same.</p>
10	(b)	<p>If yes, (i) date of passing the resolution</p> <p>This filed 10 (b) ,(c)shall be displayed and mandatory only in case designation selected in field 4 as " Managing Director, Whole Time Director or Manager"</p> <p>If the approval for such appointment has been obtained from the members in general meeting, specify the date of passing such special resolution.</p>
	(c)	<p>SRN of Form No. MGT.14 (for filing of Special Resolution)</p> <p>Enter a valid SRN of eForm MGT.14 filed for registration of agreement or special resolution passed authorizing such appointment.</p>
Declaration		Enter the serial number and date of resolution of meeting of board of directors of the company authorizing the signatory to sign, give declaration and submit this eForm.
To be digitally signed by		DSC Ensure the eForm is digitally signed by Director or Manager or Company Secretary or CEO or CFO of the company who is authorized by board resolution to sign the eForm.

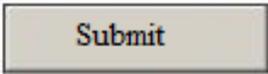
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S. No/ Section Name	Field Name	Instructions
	Designation	Select Designation as Director or Manager or Company Secretary or CEO or CFO.
	DIN of the director; or PAN or DIN of the manager or CEO or CFO; or membership number of the Company Secretary	<ul style="list-style-type: none"> • In case the person digitally signing the eForm is a Director - Enter the approved DIN. • In case the person digitally signing the eForm is Manager, Chief Executive Officer (CEO) or Chief Financial Officer (CFO) - Enter approved DIN or valid income-tax PAN. • In case the person digitally signing the eForm is Company Secretary - Enter valid membership number.
Certificate by practicing professional	DSC	<p>The eForm should be certified by a chartered accountant (in whole-time practice) or cost accountant (in whole-time practice) or company secretary (in whole-time practice) by digitally signing the eForm.</p> <p>Select the relevant category of the professional and whether he/ she is an associate or fellow.</p> <p>Enter valid membership number and certificate of practice number of the practicing professionals.</p>
Attachments	<p>The following attachments are mandatory in all the cases:</p> <ul style="list-style-type: none"> • Certified true copy of Board Resolution • Copy of letter of consent to act as a managing director, whole time director, or manager • Certified true copy of shareholders resolution along with explanatory statement is mandatory in case passed for such appointment • Copy of central government approval is mandatory in case appointee is convicted or detained as per Schedule V. • Copy of certificate by the Nomination and Remuneration Committee of the company, if any <p>Any other information can be provided as an optional attachment(s).</p>	

Common Instructions to fill the eForm

Buttons	Particulars
<p>Pre-Fill</p> 	<p>The Pre-fill button can appear more than once in an eForm. The button appears next to a field that can be automatically filled using the MCA database.</p> <p>Click this button to populate the field.</p> <p>Note: You are required to be connected to the Internet to use the Pre-fill functionality.</p>
<p>Attach</p> 	<p>Click this document to browse and select a document that needs to be attached to the eForm. All the attachments should be scanned in pdf format. You have to click the attach button corresponding to the document you are making an attachment.</p> <p>In case you wish to attach any other document, please click the optional attach button.</p>
<p>Check Form</p> 	<ol style="list-style-type: none"> 1. Click the Check Form button after, filling the eForm. System performs form level validation like checking if all mandatory fields are filled. System displays the errors and provides you an opportunity to correct errors. 2. Correct the highlighted errors. 3. Click the Check Form button again and system will perform form level validation once again. On successful validations, a message is displayed “Form level pre scrutiny is successful”. <p>Note: The Check Form functionality does not require Internet connectivity.</p>
<p>Modify</p> 	<p>The Modify button is enabled, after you have checked the eForm using the Check Form button.</p> <p>To make changes to the filled and checked form:</p> <ol style="list-style-type: none"> 1. Click the Check Form button. 2. Make the changes to the filled eForm. 3. Click the Check Form button to check the eForm again.

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Buttons	Particulars
Pre scrutiny 	<ol style="list-style-type: none"> 1. After checking the eForm, click the Prescrutiny button. System performs some checks and displays errors, if any. 2. Correct the errors. 3. Click the Prescrutiny button again. If there are no errors, a message is displayed “No errors found”. <p>The Prescrutiny functionality requires Internet Connectivity.</p>
Submit 	This button is disabled at present.

Part III - Important Points for Successful Submission

Fee Rules

S. No	Purpose of the form	Normal Fee	Additional Fee (Delay Fee)	Logic for Additional Fees		Remarks
				Event Date	Time limit(days) for filing	
1	Return of appointment of a managing director, whole time director or manager	The Companies (Fee for filings with Registrar of Companies) Rules, 2014 - Annexure A		Date of appointment of MD, WTD or Manager	60 days	

Processing Type

The form will be processed by the office of Registrar of Companies.

SRN Generation

On successful submission of the eForm MR-1, SRN will be generated and shown to the user which will be used for future correspondence with MCA.

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Challan Generation

On successful submission of the eForm MR-1, Challan will be generated depicting the details of the fees paid by the user to the Ministry. It is the acknowledgement to the user that the eForm has been filed.

Email

When an eForm is completely processed by the authority concerned, an acknowledgement of the same with related documents, if any is sent to the user in the form of an email to the email id of the company.

Annexure A

Fee in case of company having share capital

Nominal Share Capital	Fee applicable
Less than 1,00,000	Rupees 200
1,00,000 to 4,99,999	Rupees 300
5,00,000 to 24,99,999	Rupees 400
25,00,000 to 99,99,999	Rupees 500
1,00,00,000 or more	Rupees 600

Fee in case of company not having share capital

Rupees 200

Additional fees

Period of delays	Fee applicable
Up to 30 days	2 times of normal fees
More than 30 days and up to 60 days	4 times of normal fees
More than 60 days and up to 90 days	6 times of normal fees
More than 90 days and up to 180 days	10 times of normal fees
More than 180 days	12 times of normal fees

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