

Deveshwar's pay beats most part-time chairs

Only Kumar Mangalam Birla earned more as non-executive chairman in FY17

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The proposed remuneration of ITC's non-executive chairman Y C Deveshwar has become a talking point ahead of the company's annual general meeting later this month. At ₹12.7 crore, the proposed annual remuneration of the veteran at the consumer goods major would beat most top executives of Corporate India. The figure is higher than the remuneration earned in the last financial year by all non-executive chairmen barring one.

An analysis of data provided by Prime Database for some 130 companies, which have the position of non-executive chairman and have published their annual reports so far this year, only 10 earned remuneration of ₹1 crore or more. Remuneration for this analysis includes salary, sitting fees and commission, if any.

Kumar Mangalam Birla tops the list having earned ₹22.5 crore in commission at UltraTech Cement followed by Banshidhar Panda of Indian Metals and Ferro Alloys at ₹7.52 crore. Others in the top 10 included promoters like Dheeraj Hinduja of Ashok Leyland at ₹7.11 crore, B G Goenka of Welspun at ₹4.14 crore, Nimesh Kampani of JM Financial at ₹3.13 crore and V P Mafatlal of Navin Fluorine at ₹2.70 crore. Among non-promoters, the top earners were Deepak Parekh of HDFC (₹2.49 crore), R Seshasayee of Infosys (₹1.95 crore), Mannalal Agarwal of Ajanta Pharma (₹1.23 crore) and Pradeep Dinodia of Shriram Pistons & Rings (₹1.11 crore).

N Chandrasekaran and Deveshwar ended FY17 in non-executive roles of TCS and ITC, respectively, with packages of ₹30.16 crore and ₹21.16 crore. But, they both had held executive positions in these companies till February. Of the rest, five part-time chairmen earned between ₹50 lakh and ₹1 crore, 12 earned in the range of ₹25 lakh to ₹50 lakh. Fifteen chairmen took home between ₹10 lakh and ₹25 lakh.

In FY15-16, for which a more complete data set was available, 780 companies had non-executive chairmen. Of these, 34 had earned ₹1 crore or more.

Even in that year, 70-year-old Deveshwar's package of ₹12.71 crore for FY18, which is up for shareholder approval, would have ranked among the top five. The not-so-small pay cheque after step-

TOP EARNERS

Remuneration for FY 2016-17 of non-executive chairpersons captured from annual reports received till June 30, 2017



KUMAR MANGALAM BIRLA
UltraTech Cement
₹22.53 cr

Director	Company	Total (₹ cr)
Banshidhar Panda	Indian Metals & Ferro Alloys	7.53
Dheeraj Hinduja	Ashok Leyland	7.12
B G Goenka	Welspun India	4.14
Nimesh Kampani	Jm Financial	3.14
V P Mafatlal	Navin Fluorine International	2.71
Deepak Parekh	HDFC	2.49
R Seshasayee	Infosys	1.95
Mannalal Agrawal	Ajanta Pharma	1.24
Pradeep Dinodia	Shriram Pistons & Rings	1.11

Source: Prime Database

ping down from a three-decade stint when he reinvented what was primarily a cigarette maker into a diversified conglomerate has caught the eye of proxy advisory firms.

On Thursday, Institutional Investor Advisory Services (IIAS) advised him to let go and allow successor Sanjiv Puri to take control of the affairs of the company. It said the high remuneration and the largish role undermined the succession plan and was sending confusing signals to the shareholders. On Friday, Stakeholders' Empowerment Services followed suit questioning why the nominations and remuneration committee, of which Deveshwar was a part for nearly two decades, did not take sufficient steps to find a successor.

Company executives have defended the move saying Deveshwar had stayed back to mentor the management on the request of the board and shareholders and that these reports are misleading. In an email response to queries from *Business Standard* following the IIAS report, an ITC spokesperson said, "The report by a proxy

advisory firm that you have referred to has been prepared without sufficient homework, inasmuch as the entire chronology and information in this regard is already available in the public domain."

The notice for the forthcoming AGM clearly states the shareholders of the company, at the last AGM held on July 22, 2016, approved the appointment of Deveshwar as non-executive director and chairman of the company for three years with effect from February 5, the spokesperson added.

"It may be recalled that Mr Deveshwar, at the request of the Nomination & Compensation Committee and the Board and recognising the need for orderly transition in a company of ITC's size and complexity, agreed to continue as Chairman in non-executive capacity and also play the role of Mentor to the new executive management. The proxy firm also failed to recognise that the board has revised the Governance Policy effective February 5 (the date effective which the role of the chairman has been split)," the company said.