

Pay cuts reach c-suite as covid hits earnings

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The economic turmoil caused by the coronavirus pandemic has adversely hit remuneration of top managers, with their pay plunging by as much as 44%, as companies cut expenses amid a squeeze on earnings.

The median remuneration of the top bosses of 30 firms in the Nifty index declined 5.56% in the year to March, against a rise of 4.81% in the previous year, according to a *Mint* analysis based on data compiled by primeinfobase.com, part of Prime Database group.

The analysis considered the single-highest remuneration paid in the year by a company, irrespective of designations such



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as chairman, chief executive officer or executive director. The data also added stock options to the total compensation figure wherever it is available.

The salary cuts came as aggregate net profit growth of these companies dropped

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sharply to just 0.98% in FY20 from a 21.5% increase in the previous year. Overall staff costs for these companies grew 11.2% in FY20 from a 15.9% increase in the previous fiscal.

Companies have cut fixed costs, especially high staff expenses, as profits and sales took a hit in the March quarter. During the quarter, companies fired workers and cut salaries to control costs.

Data showed top earners in companies such as JSW Steel, Larsen and Toubro, Cipla, Tata Consultancy Services, Titan Co., Kotak Mahindra Bank took pay cuts in FY20.

Though the highest-paid executive in FY20 was HDFC Bank managing director Aditya Puri at ₹180.49 crore, some top bosses in other Nifty compa-



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nies took sharp cuts of nearly 44%. Puri who is set to retire in October earned an additional ₹161.56 crore by exercising stock options during the year. In FY19, he earned ₹55.87 crore as remuneration. The payout was higher than the ₹143.80 crore paid to the bank's erstwhile deputy managing director, Paresh Sukthankar, in FY19.

There were a few others like

Puri who saw their remuneration increase last fiscal despite the pandemic-induced disruptions.

Remuneration of Rajeev Jain (MD-Bajaj Finance), Salil Parekh (MD-Infosys), CP Gurnani (MD-Tech Mahindra) and Sanjiv Bajaj (chairperson, MD, Bajaj Finserv) surged 28-44% in FY20.

Meanwhile, L&T MD S.N. Subrahmanyam and JSW Steel chairman and MD Sajjan Jindal saw the highest pay cuts of 43-44% during the year. Data showed that among Nifty firms, Hero MotoCorp CMD and CEO Pawan Munjal received ₹84.59 crore, Shree Cement MD Hari Mohan Bangur was paid ₹41.76 crore, JSW Steel's Sajjan Jindal received ₹40.03 crore, and Bajaj Auto MD Rajiv Bajaj received ₹39.86 crore as remuneration last fiscal.