

## Aman Mehta to Ron Sommer, Tata group independent directors among best paid

Four of the top five were from TCS in FY18

Shally Seth Mohile & Dev Chatterjee | Mumbai October 27, 2018 Last Updated at 01:56 IST



Independent directors of Tata group companies earned the most in the financial year 2017-18, shows the data drawn from India's top 30 companies that constitute the BSE Sensex.

Five of the 10 best-paid independent directors belonged to the Tata group, followed by four from Reliance Industries and one from Wipro. Of the top five, four were on the board of Tata Consultancy Services (TCS).

Former HSBC Asia-Pacific CEO Aman Mehta, an independent

director on the TCS board, is the highest paid. Mehta's remuneration, including commission and sitting fees, was Rs 30.5 million in 2017-18. Former Deutsche Telekom chairman Ron Sommer, the second best-paid independent director, who took home a package of Rs 21.4 million, is also on the TCS board.

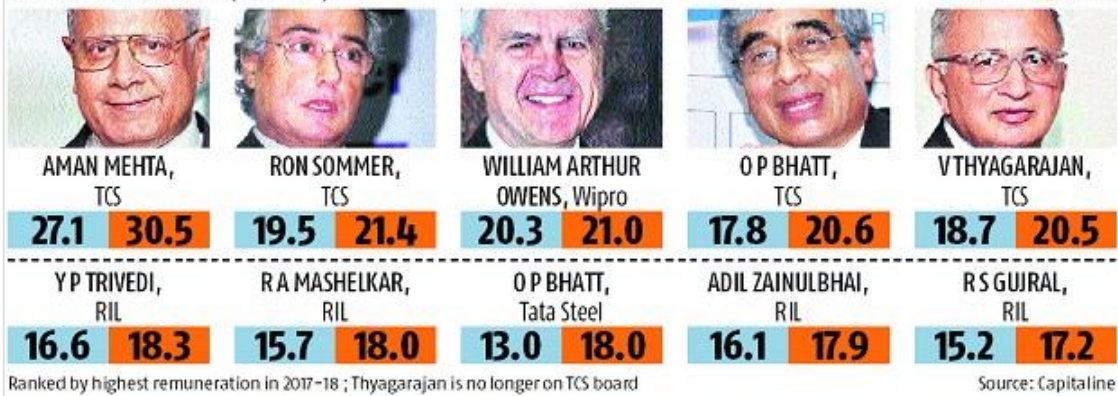
OP Bhatt, who is on the boards of TCS and Tata Steel, saw a sharp jump in his remuneration in FY18. While Tata Steel, where he is an independent director earning over Rs 10 million, rewarded him with a 39 per cent hike, TCS gave him an 18 per cent raise. Following Mistry's removal as chairman of Tata Sons in October 2016 and his subsequent ouster as chairman of Tata Steel, Bhatt had served as an interim chairman. TAFE group Chairman Mallika Srinivasan is the second Tata Steel independent director in the list.

Amit Tandon, founder and managing director of Institutional Investor Advisory Services (IiAS), pointed out that given the structure of Tata companies, the role and responsibilities of their independent directors were far greater than most other groups. "For them (Tata group firms), which are not typically promoter-driven, independent directors are the eyes and ears of the company. The directors need to be rewarded for their contributions," said Tandon.

Among other things, the remuneration was also governed by the size, scale and operations of the company, Tandon added. If it's a global company such as TCS,

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Total remuneration (in ₹mn)



Infosys and Wipro, which have operations in the US and Europe, where independent directors command a higher fee for a board position, for the sake of fairness, the company has to fix the remuneration of directors of Indian nationality on a par with the director of foreign origin.

For example, William Arthur Owens, an independent director at Wipro, who was formerly Nortel CEO, is the third best paid. Wipro has two other independent directors with compensation of over Rs 10 million. Bharti Airtel, too, pays Rs 14.8 million to Ben Verwaayen, former Alcatel-Lucent CEO.

Reliance Industries has eight independent directors, including YP Trivedi, RA Mashelkar and Adil Zainulbhai, in the Rs 10-million club.

In the 30 Sensex companies, 23 independent directors earned more than Rs 10 million in 2017-18. Reliance Industries has eight independent directors in this group, followed by TCS with five.

Ascertaining the remuneration of independent directors is a very sensitive subject, said Arun Kumar Rath, who heads the Centre for Corporate Governance at the International Management Institute, Delhi. "It's like walking a double-edged sword -- if you pay too much, you get criticised for appeasing the director, and if you pay too less, you don't get people of good calibre," he said.

Companies also have to be very careful, making sure that the director doesn't have any material interest in the operation of the firm, which leads to a conflict of interest situation, he added.

Roles and responsibilities of independent directors have come under the spotlight after the boardroom battles in the Tata group, Infosys and the recent crisis at Infrastructure Leasing & Financial Services.

The Ministry of Corporate Affairs is planning to put in place a stricter disclosure framework for independent directors as part of continuing efforts to bolster corporate governance standards.