

THE **2022** BOARD REMUNERATION & GOVERNANCE REPORT



Executive and Non Executive Director Compensation | Board
Performance and Composition | Board Independence | Gender Analysis

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Introduction

IMA India's **2022 Executive and Board Remuneration Report** presents an analysis of compensation trends amongst 25,583 executive and non-executive Directors on the Boards of **1,817 India-listed companies and 181 unlisted companies**. It covers a 5-year period, from **FY18 to FY22**, and draws representation from both **private sector and PSU firms**, distributed across the **large-cap, mid-cap, small-cap, micro-cap and unlisted** categories.

Pay data is presented for Executive and Non-Executive Chairmen, CEOs/MDs, CFOs, Whole-time Directors, Company Secretaries and Non-Executive Directors (NEDs). Detailed data-splits are offered for each type of Director, by sector, ownership (foreign versus Indian), revenue, net profit, company age, and market capitalisation – and combinations thereof. For governance-related metrics, an additional filter is presented to distinguish companies on the basis of their ESG (Environment, Sustainability, Governance) rankings.

The report includes data and analysis on :

- **Total CTC pay:** mean, medians, 25th, 75th and 90th percentile levels, and distribution by pay-range.
- **Composition of Pay:** fixed pay, variable pay, and components thereof.
- **Changes in pay** in FY19, FY20, FY21 and FY22 and compounded annual change over the full period.
- **Highest paid** CMDs, CEOs and CFOs and executive pay ratio.
- **Gender gaps** in representation and pay.
- **Governance metrics:** Board size and composition, number of NEDs, number of IDs, share of income from ID and non-ID roles, Board independence, total Board compensation bill, and number of Board meetings held each year.

Data Sources and Definitions (1/3)

Data was collated and distilled from company annual reports, which are available in the public domain, and from filings with the Ministry of Corporate Affairs (MCA), Government of India. As a rule, **pay data is limited to individuals, both executive and non-executive, who are members of a company's Board of Directors.**

Companies report compensation data in varying forms, though there is a growing move towards uniformity. In interpreting and standardising this data, the **following definitions/assumptions have been employed:**

Designations and classifications

- Given that the roles of the **Executive Chairman and CMD** are in most cases indistinguishable, these have been combined in a single grouping.
- **Executive Directors (EDs)** are defined as executives who occupy full time Board positions but who do not fall into any of the specific categories covered in the report: Chairman/CMD, CEO, CFO, Company Secretary.
- In some cases, the reported data does not clearly distinguish between **executive and non-executive positions**. Given that whole time directors are by definition 'executives', it is assumed all CMDs, CEOs, CFOs, EDs and Company Secretaries (CSs) are executive directors.
- **Non-Executive Directors (NEDs)** are defined as those who are explicitly listed in the data as being an NED, or (if such an identifier is missing and their designation is listed simply as 'Director' or the like) whose pay composition fits the profile of a non-executive, i.e., where it comes exclusively from sitting fees and bonus/commission.
- Classifications of individuals as being a **Promoter and/or Independent Director** are done on the basis of self-reporting by the company. Where a person is not explicitly identified as a promoter, it is assumed that they are a non-promoter. With regard to 'independence', all executive positions are assumed, as per the prevailing SEBI guidelines, to be non-independent. For non-executive positions, the classification is purely on the basis of self-reporting.
- For the majority of **unlisted companies, the quality of data with regard to promoter status is found to be suspect**, and all unlisted companies are therefore excluded from the analysis with respect to such measures as promoter presence on the Board, share of promoters, etc.

Data Sources and Definitions (2/3)

Pay-related issues

To ensure consistency in the pay data and remove genuine outliers, the following adjustments have been made:

- All **directors who have worked in an assignment for less than 3 months** during a particular financial year are excluded from the analysis.
- Conversely, **NEDs who have served on the Board for a full year but whose reported income falls below a minimum threshold** have been excluded as these numbers are likely to be erroneous.
- **For those who have worked more than 3 months but less than a full year** (364/365 days), the fixed component of their pay has been prorated for the full period, while the variable component has been left untouched. For example, if individual X worked for 6 months and earned Rs 2 mn as fixed pay and Rs 3 mn as variable pay, i.e., a total of Rs 5 mn, his/her 'adjusted' pay for the year would work out to Rs 7 mn (Rs 2 mn x 2 + Rs 3 mn).
- **These corrections have been made to ensure a genuine like-for-like comparison across financial years** and to remove some of the noise that would otherwise skew the CTC averages down (and the YoY changes up).
- **Increments are calculated at the individual level**, i.e., for an individual who has been in the same role at the same company for 2 or more years. For changes in pay, only the median (i.e., 50th percentile) change is reported. This is because CXO pay tends to be volatile, and means (i.e., arithmetic averages) tend to skew upwards or downwards.

Company demographics

- **Market-cap groupings** are on the basis of the most recent SEBI guidelines, which regard the 100 biggest (listed) firms by market capitalisation as 'Large-cap'; the next 150 as 'Mid-cap'; and the remainder as 'Small-cap'. However, as an aid to analysis, we have introduced an additional category ('Micro-cap') of firms who fall below the 250 biggest *small-caps*. In other words, these are companies after the 500 biggest listed companies. Unlisted firms are those that are not currently listed on any of the main Indian stock exchanges.
- Companies are classified by **ownership** as being either foreign MNC (51% or more foreign-owned), Indian MNCs (those with subsidiaries or an on-ground presence in at least one other country) or Indian domestic (those that operate primarily/solely in the Indian market, with no foreign operations).

Data Sources and Definitions (3/3)

Company demographics (contd)

- **Year of establishment:** organisations are split into three groups – those established in the pre-liberalisation (prior to 1991) period; those that have come up after the Global Financial Crisis (post 2008); and those that were established in the intervening years between these two bookends.
- **Environmental, social and governance (ESG)** compliance is an area of growing importance, especially for socially-conscious investors but also one where a fair amount of subjectivity may come into play.
 - Environmental criteria consider how a company performs as a steward of nature. Social criteria examine how it manages relationships with employees, suppliers, customers and the communities where it operates. Governance deals with a company's leadership, executive pay, audits, internal controls and shareholder rights.
 - Several organisations map ESG compliance, and their ranking of companies vary. To ensure fairness and transparency, we looked at three different rankings: the constituents of the S&P BSE ESG 100 Index; an NSE-SES ranking of the 'top 50' such companies in India; and a Futurescape ranking of the top 100.
 - Tallying these lists yielded a total of 123 organisations that figured on at least one (and often all three) lists. For purposes of analysis, these 123 firms – almost of which are either large- or mid-cap – are regarded as being 'ESG compliant'. The report makes comparisons between ESG-compliant and non-compliant large- and mid-caps.
- **Revenue classifications** are on the basis of FY22 revenues. However, given that **profitability** tends to be more volatile, profit-based classifications are done on the basis of average PAT over a three-year period covering FY20 to FY22.
- **Sector classifications** are done on the basis of a company main/principal areas of operations, and in accordance with IMA's proprietary, three-level classification system. To ensure that the results are statistically significant, companies are divided across these 10 main sectoral groups, and sub-sectoral classifications are not considered.

Glossary of Terms

Statistical definitions/explanations

- **Mean:** a simple arithmetic average of values.
- **Median:** a level representing the ‘midpoint’ of the sample – exactly 50% of respondents will lie below this level, and 50% above. This is different from the ‘mean’, which is a simple average, and prone to being skewed by very high or very low values.
- **Percentiles:** a measure of how companies are distributed along a particular scale. Each percentile value measures the percentage of respondents *below* that level. For instance, the 10th percentile value for compensation means that 10% of firms pay their employees less than that value, while 90% will pay more than that value. The opposite holds for the 90th percentile.

Specific definitions

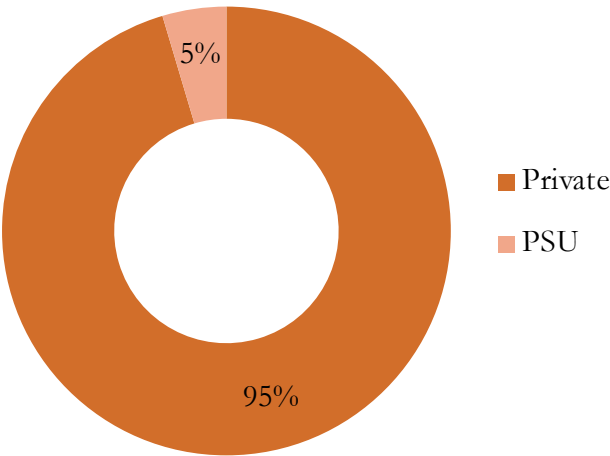
- **Fixed pay:** includes basic salary, perks and benefits, sitting fees, retirement benefits etc.
- **Variable pay:** includes performance-based pay and bonuses over and above the gross fixed salary, as well as the value of ESOPs exercised in a particular year and any other (unclassified) payments made to executive and non-executive directors.
- **Employee Stock Options (ESOPs):** includes stock options exercised by specified employees of a company during the course of the year.

Company Demographics (1/4)

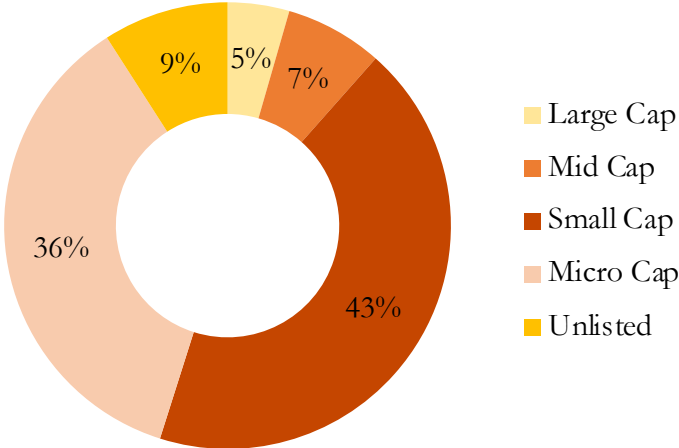
Number of companies covered: 1,998

Total number of unique Director positions studied (FY21): 21,735

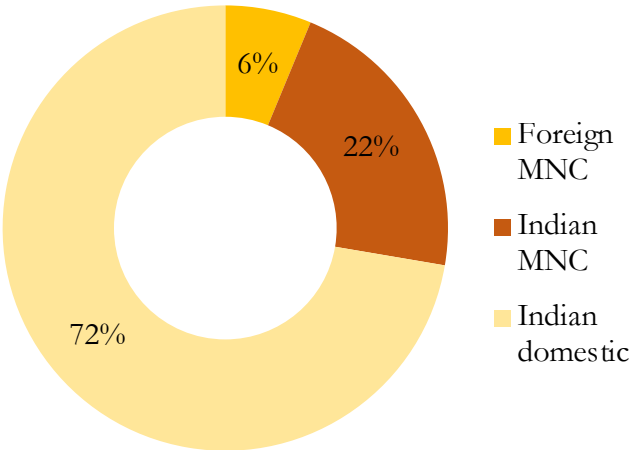
Private Sector vs PSU



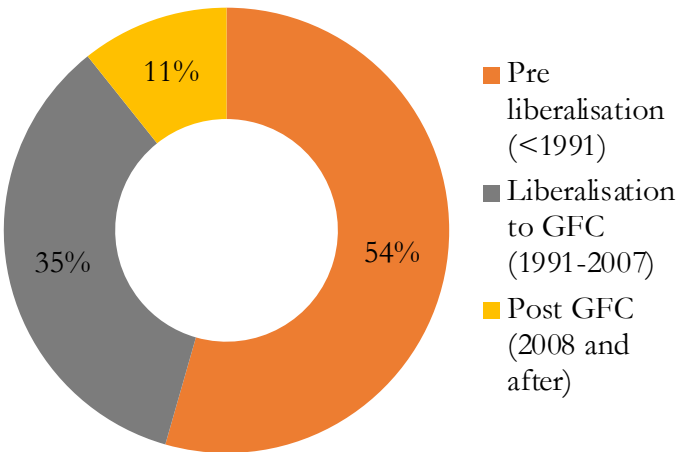
Market Cap (FY22)



Ownership

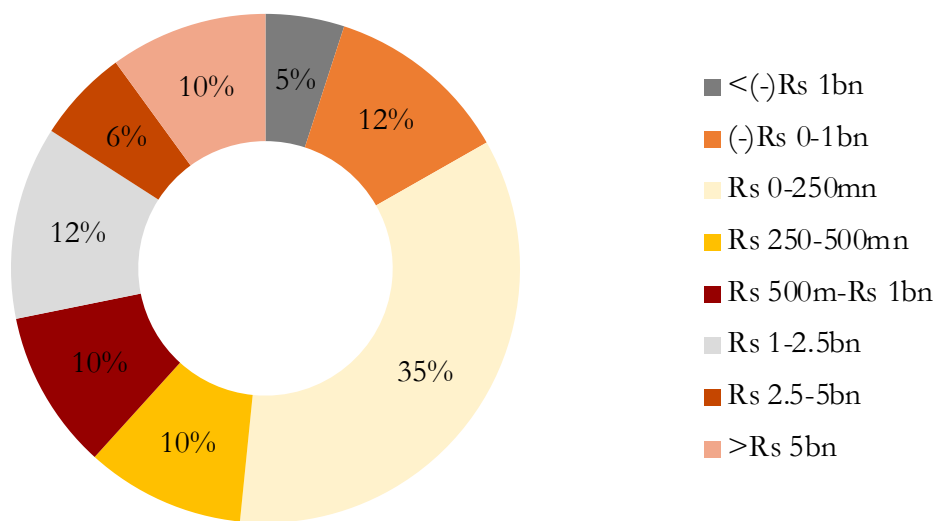


Year of Establishment

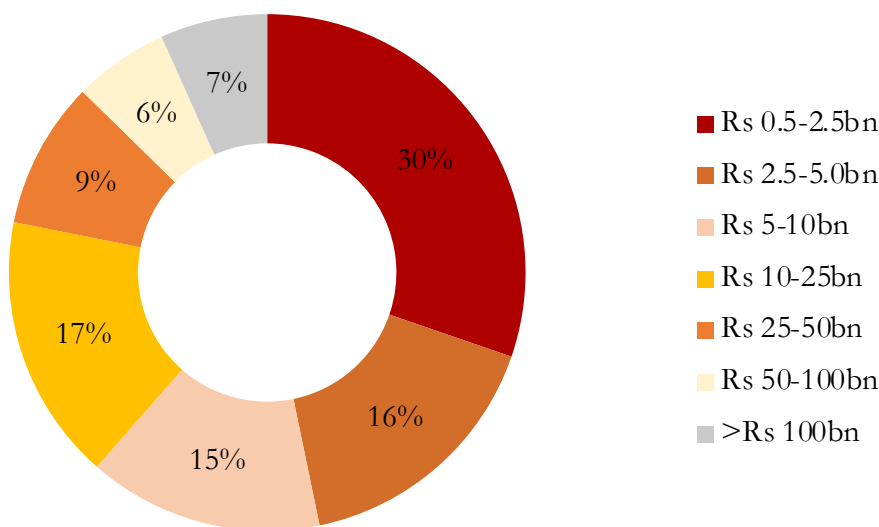


Company Demographics (2/4)

PAT (FY20-22 avg.)

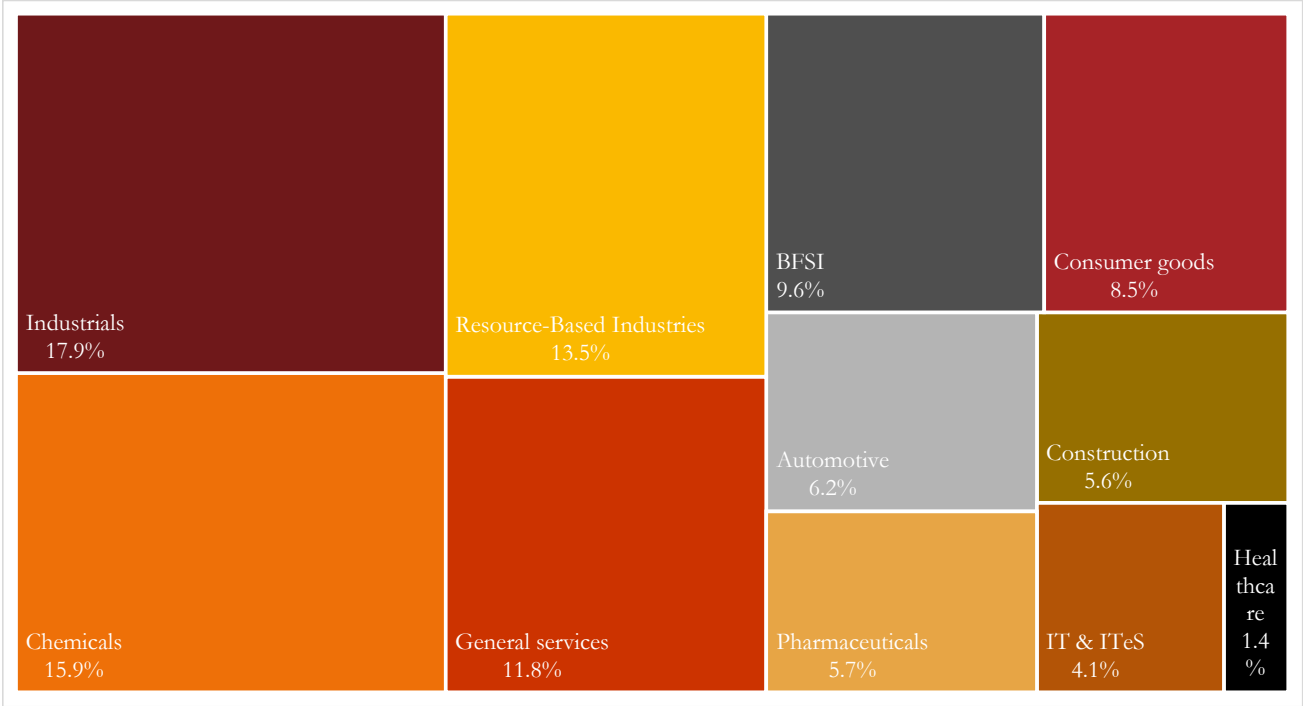


Revenue (FY22)

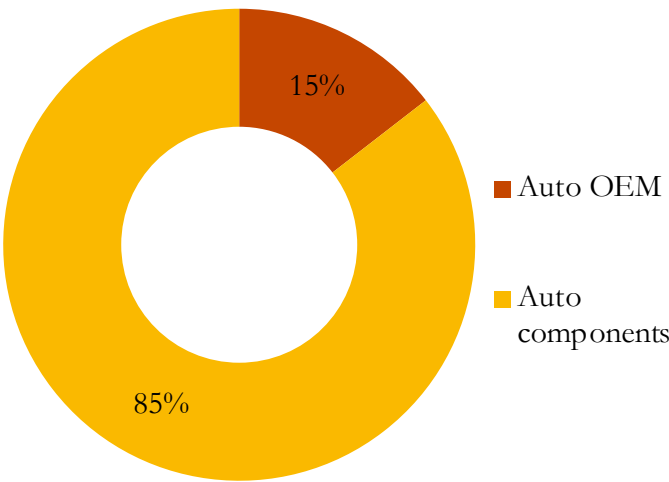


Company Demographics (3/4)

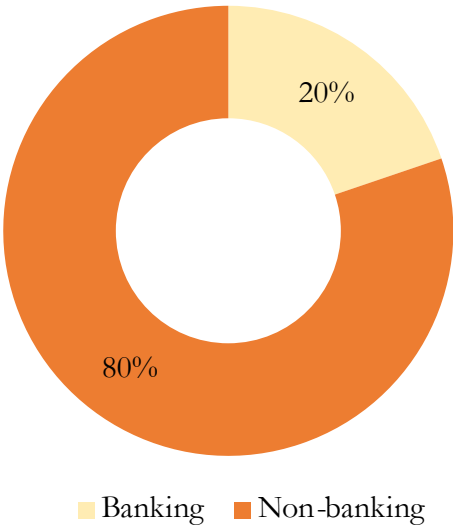
Sectors and Sub-sectors



Automotives

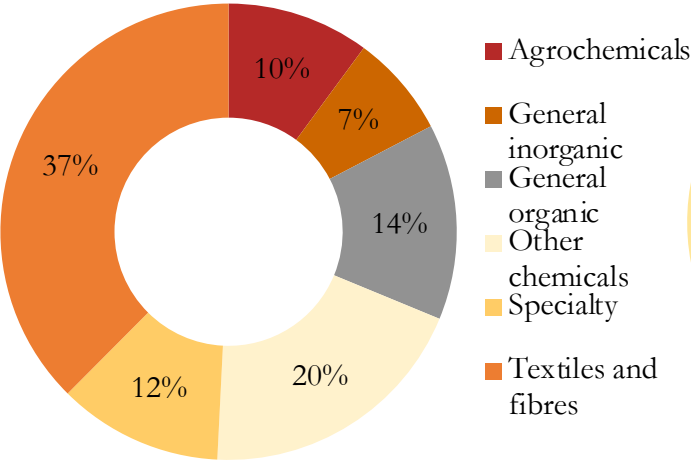


BFSI

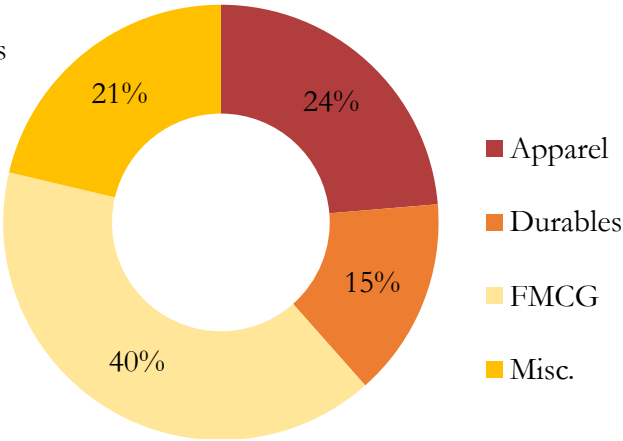


Company Demographics (4/4)

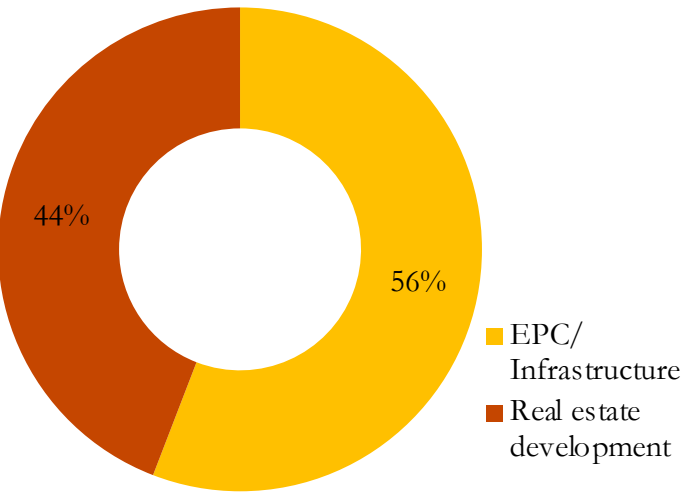
Chemicals



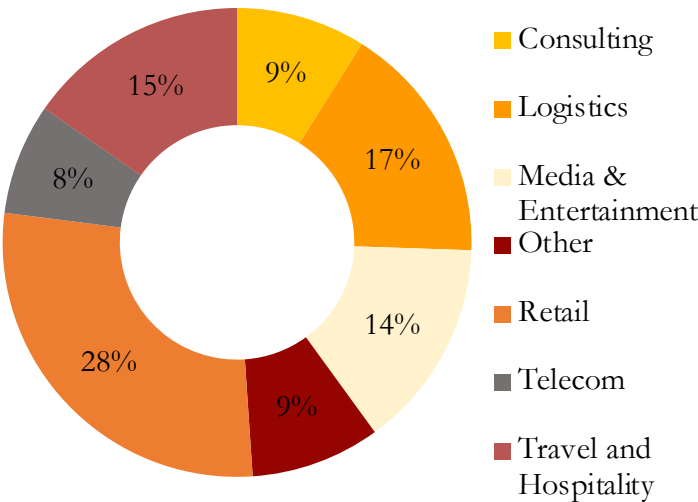
Consumer goods



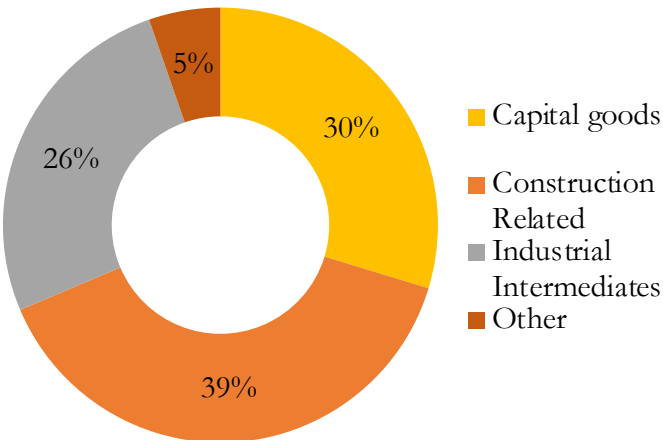
Construction



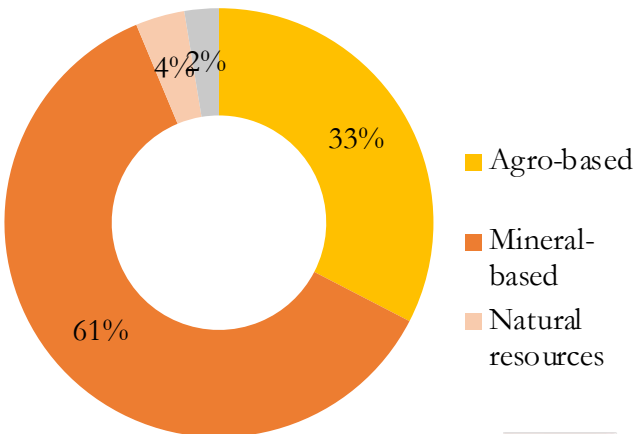
General Services



Industrial Companies



Resource-Based Industries



Executive Summary (1/4)

Board Governance

- **Public sector companies tend to have larger Boards** (mean: 15 Directors) than private ones (11).
- **The sizes of both Private Sector and PSU Boards has grown only marginally in the last five years.** This suggests that corporate governance structures are achieving a certain degree of maturity, at least as far as shape and size goes.
- **Board size is correlated with company size:** Large-cap private-sector firms on average have 14 Directors, compared to the overall average of 11.
- **Indian firms have bigger Boards than their foreign counterparts** across size categories.
- **Company size matters in terms of NED and ID representation:** Bigger firms have both more NEDs and a higher proportion of IDs.
- **ESG-compliant firms tend to have more directors overall,** as well as more NEDs and Female Directors.
- **NEDs are earning a rising share of their total income from ID roles,** indicating the rise of independent directorship as a profession.
- **Promoter presence decreases with company size and company age;** larger and younger companies have fewer promoters on the Board. 51% of large-caps have at least one promoter, compared to 69% of small-caps.
- **PSU Boards meet more often than private-sectors ones** – ~10 times a year, compared to ~6 times in the private sector.
- **The average aggregate compensation paid to Board members is Rs 78.8 mn** but this rises sharply with company size, to an average of Rs 429 mn among large caps.
- **However, as a share of revenue, these costs fall with size:.**
 - Large-caps spend the least (just 0.4% of revenue) on their Boards, compared to 1.1% among mid-caps, 0.9% in small-caps and 0.8% in micro-caps.
 - ESG-compliant large-cap companies spend less (0.3%) on their Boards compared to non-ESG compliant large-cap companies (0.8%). However, mid-cap companies spend 1.1% of their revenue on their boards regardless of ESG compliance.

Executive Summary (2/4)

Compensation trends: Executive Directors

- **Compensation levels, across all executive positions, rose sharply in FY22** after two years of pandemic-induced suppression in pay.
- **In FY22, private-sector CEOs were the highest paid of all the C-suite executives** with an average CTC (cost to company) of Rs 41.9 mn, overtaking CMDs for the first time.
- **In comparison, the average CMD earned Rs 40.5 mn**, up from Rs 31.4 mn in FY18.
- The drop-off from there is steep: the means for **EDs, CFOs and Company Secretaries** stood at **Rs 18.1 mn, Rs 12.7 mn and Rs 4 mn**, respectively. However, the compensation across these positions has increased since FY21.
- Across all positions, **mean ('average') pay is considerably higher than median ('50th percentile') pay**, suggesting that a handful of very large outliers are pulling up the overall averages. Both figures should be considered when making like-for-like comparisons.
- **PSU salaries are a fraction of that of their private sector peers**, with CEOs receiving **Rs 9.3 mn and CMDs Rs 8.1 mn** last year.
- **Older companies are better pay-masters at the CMD and ED levels.** Companies founded in the pre-liberalisation (<1991) era pay their CMDs on average almost twice as much as 'new-age' companies (those established in 2008 or later). These pay gaps narrow significantly at the CEO and CFO levels.
- In general, **pay is strongly correlated with company size**; across levels, big companies – by both market cap and revenue – typically pay multiple times as much as smaller ones.
- **Contrary to the general notion, foreign MNCs do not always offer the best pay packages.** Indian MNCs out-pay foreign MNCs and Indian domestic firms across the CMD, CEO, CFO and ED levels.
- **Sector-wise, there is no single 'best paymaster' across levels.** Resource-based firms have the biggest pay packages at the CMD level (Rs 59 mn); IT/ITeS companies have the biggest packages at the CEO level (Rs. 88.8 mn), pharma companies for CFO (Rs. 19 mn) and ED (Rs 29.9 mn) levels. BFSI firms are the highest payers at the CS level (Rs 5.9 mn).
- Among private sector companies, **CMDs receive a bigger share of their pay (29%) in the form of variable components than do other executives.** Next come CEOs (24%) and EDs (20%), while for CFOs and CSs, it is 14-17%.
- **Variable pay's share in the total has increased sharply** across executive positions in the last 2 years after falling in the previous 2-3 years.
- **PSUs pay only a small fraction** (typically less than 15%) as variable.
- The **pay-to-median-pay ratio**, a measure of pay gaps/inequality within companies, has increased in the last 2 years across executive Board positions.

Executive Summary (3/4)

Compensation trends: Non-Executive Directors (NEDs)

- **The average pay for NEDs in the private sector in FY22 stood at Rs 1.37 mn**
- The distribution of pay is heavily skewed: Top-end NEDs (75th percentile) get paid over 10 times as much as those in the lower quartile (25th percentile).
- **Size and ownership both matter to NED pay:** Large cap firms on average paid their NEDs 5 times the overall average last year, and 2-5 times more than what the mid-caps and small-caps did. Foreign and Indian MNCs out-compete Indian domestic firms on NED compensation.
- **In the PSU world, the average NED received Rs 0.60 mn in FY22, ~43% lower** than the industry-wide average for the private sector. However, these gaps increase sharply when company size comes into play.
- In the last 5 years, NED pay has increased at an annualised 9.2% in the private sector and by 3.7% among PSUs.

Compensation trends: Non-Executive Chairmen

- **Pay for Non-Executive Chairmen increases with company size.** Large-caps paid an average of Rs 17.5 mn, compared to Rs 15.5 mn among mid-caps, Rs 3.8 mn among small-caps and Rs 1 mn among micro-caps. The industry-wide **mean was Rs 5.7 mn.**
- Top-quartile Non-Executive Chairmen (75th percentile) get paid around 10x more than those at the lower end (25th percentile).
- **There are stark variations in pay across ownership levels** – Indian MNCs pay over 3 times more than Foreign MNCs and Indian domestic firms do. Foreign MNCs pay NECs more than Indian Domestic firms but the difference is barely considerable.
- **Older companies tend to pay more to their Non-Exec Chairs than do new-age ones.** However, companies established after 2008 pay slightly more than those from the liberalisation period.
- The **pay-to-median-pay ratio** for non-exec positions fell between FY18 and FY20 but has since rebounded.
- **Few PSUs have a Non-Exec Chair**, making it hard to gauge any real trends in private-public differences.

Executive Summary (4/4)

Gender and Diversity

- **Women remain grossly under-represented** in C-Suite and Board positions. Private sector and PSU Boards, have 2 female Directors on average as opposed to 9 males.
- **Only 5.7% of CMDs, 4.9% of CEOs and 6% of CFOs** are women.
- **Female representation is much better at the NED, ED and CS levels**, where it ranges from 15% to 34%.
- **Female representation is higher in the PSU space at the CMD, CEO and Non-Executive Chair levels.**
- However, in the last 5 years, there has been a steep fall in private companies with **no female directors on the Board** and a fall in the number of PSUs with no female directors from last year. This indicates that diversity is receiving greater recognition than before.
- **Pay gaps exist across most positions in the private sector**, with female CMDs getting paid Rs 25.3 mn on average while their male counterparts get Rs 41.5 mn (a 64% gap) and male CSs and Non-Executive Chairmen earning twice as much as their female counterparts, and males 35% more.
- However, **the discrepancy falls to near-zero among CEOs and NEDs.**
- Significantly, for most positions, **male-female pay gaps fell sharply between FY18 and FY22**. At the CFO level, for instance, it declined from 84% to 35%, while for NEDs, it came down from 13% to 0%. The **only exception was at the ED level**, where it rose from 1% to 19%.
- **Female Board members generally receive a higher share of their pay in a variable form across positions.** The difference is negligible at the CMD and CS levels and marginal on other levels. The exception is NEC where the share of variable pay is 37% in females as opposed to 29% in males.

Roadmap to the Report

Section 1: Board Governance Metrics

- Key Takeaways
- Board size and Trends
- Number of NEDs
- Number of Independent Directors
- Share of IDs on Company Boards
- Board Independence
- Promoter Presence on the Board
- Number of Board Meetings
- What makes ESGs different?
- Cost of running a Board



Section 2: Executive and Non-Exec Directors' Compensation

- Total Pay by levels: FY22
- Pay Ranges: FY22
- Pay Trend: FY18-22
- Pay Comparisons FY22 by Revenue, Market Cap, Ownership, Company Age and Sector
- Pay Distribution by Level: FY22
- Pay Composition FY22
- Highest Paid CMDs, CEOs, CFOs
- Total Pay FY22 by Designation
- Change in Pay: FY18-22
- Pay vs Performance



Section 3: Gender Diversity & Equality

- Male-Female Representation by Level
- Companies with no Female Representation
- Gender-wise Pay Split by Level
- Change in Pay FY18-22: Gender Split
- Female Pay Composition

Key Takeaways (1/3)

Board Governance

Private vs PSU Board

- PSUs have larger Boards (15 Directors) than private ones (11).
- Marginal size increases in both PSU and Private Boards suggests a certain maturation in corporate governance structures.



Board Size Correlated to Company Size

- Large-cap private-sector firms on average have 14 Directors, compared to the overall average of 11 .



How Often do Boards Meet?

- PSU Boards meet more often (~10 times a year) than private sector ones (~6 times).



Indian vs Foreign Boards

- Indian firms have bigger Boards (~12 Directors) as compared to their foreign counterparts (~10).



Key Takeaways (2/3)

Promoter Presence Decreases with Company Size and Age

51% of large-caps have at least one promoter, compared to 69% of small-caps. Older companies also tend to have fewer promoters.



ESG vs Non-ESG Board Expenditure

ESG-compliant large-cap companies spend less (0.3% of revenue) compared to non-ESG compliant large-cap companies (0.8%). Mid-cap companies spend 1.1% of their revenue regardless of ESG compliance.



ESG Compliant Firms

ESG-Compliant Firms tend to have more directors overall, as well as more NEDs and Female Directors.



Key Takeaways (3/3)



Average Aggregate Board Compensation

- Total average compensation paid to Board members was Rs 78.8 mn in FY22. Expenditures rises sharply with company size, to an average of Rs 429 mn among large caps.



Board Related Costs Fall with Company Size

- Large-caps spend the least (0.4% of revenue) on their Boards, compared to 1.1% among mid-caps, 0.9% in small-caps and 0.8% in micro-caps.



NED and ID Representation

- Bigger firms have both more NEDs (8.5) and a higher proportion of IDs (44%).



Rise in Independent Directorship

- NEDs are earning a rising share of their total income from ID roles, indicating a rise of independent directorship as a profession.

How Big are Company Boards?

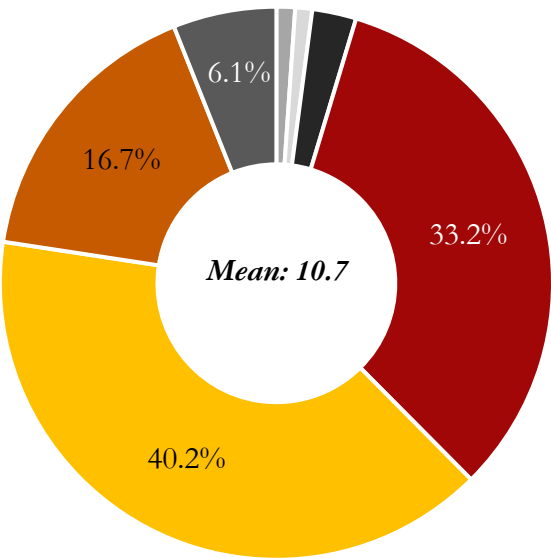
(1/3)

Public sector companies tend to have larger Boards than private ones:

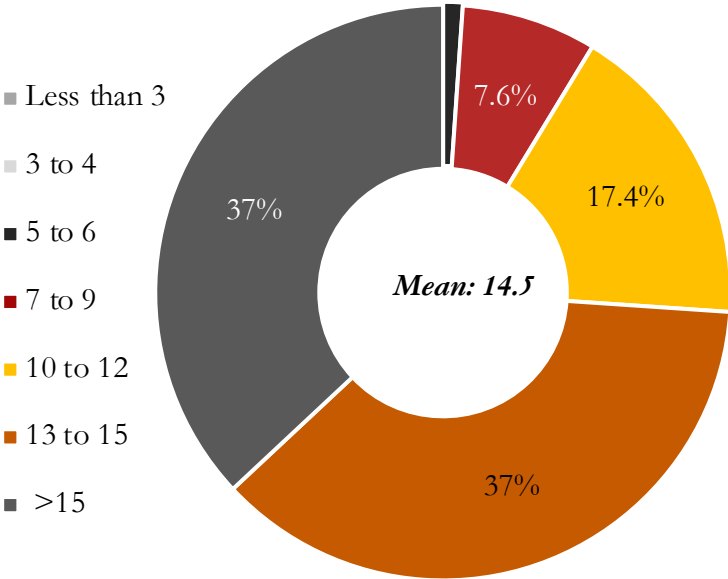
- The average PSU Board has ~15 members compared to ~11 in the private sector.
- 91% of PSUs have more than 10 Directors, while 1% have less than 6.
- The comparable numbers for private sector companies are 63% and 5%.

Size of Company Boards, FY22

Private sector

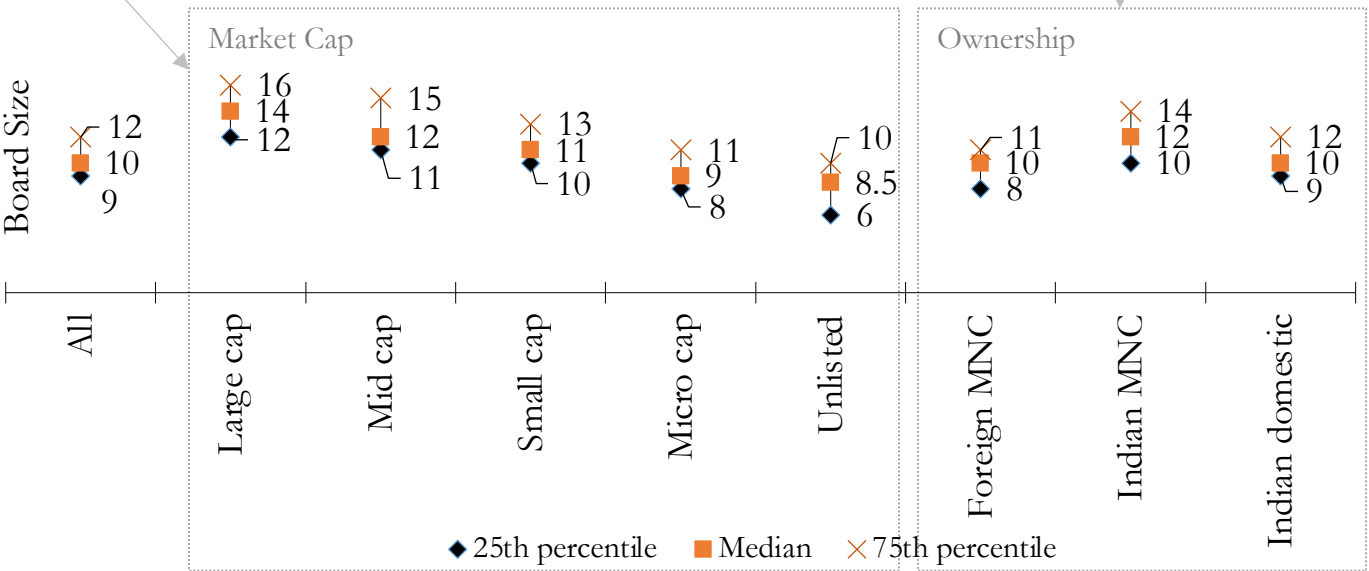


PSUs



Larger companies have an average of 14 members on the Board, indicating a need for more diversified expertise; smaller ones have 11.

Indian MNCs have larger-than-average Boards



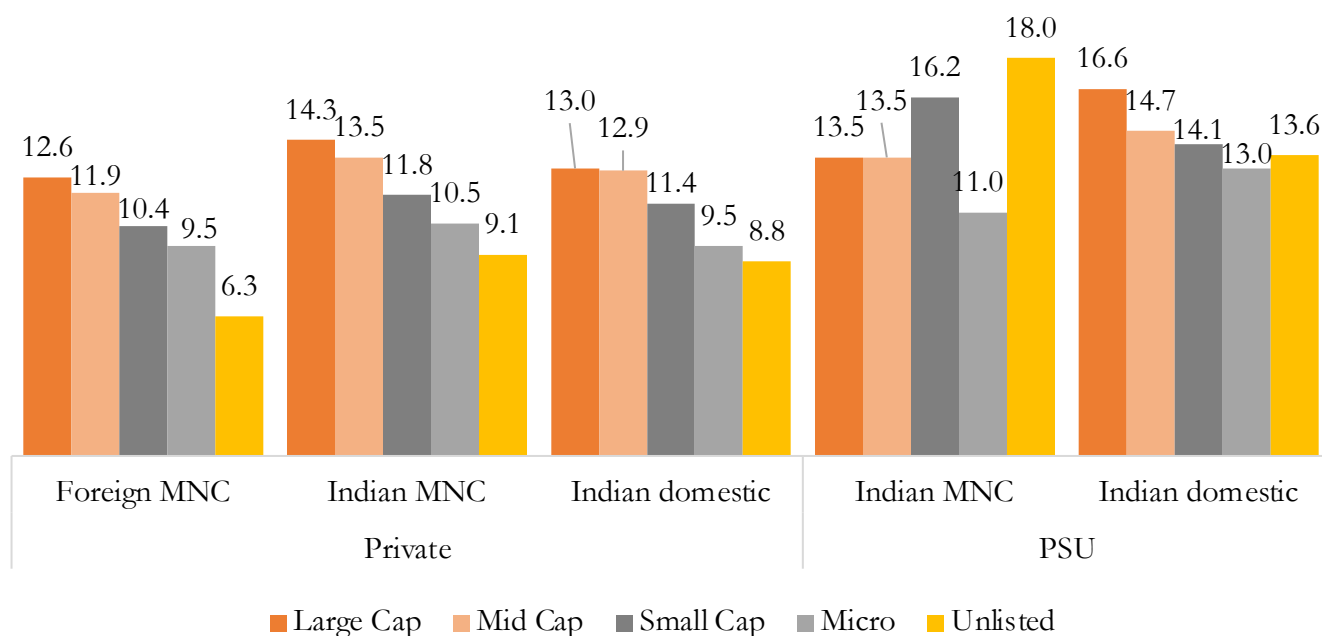
How Big are Company Boards?

(2/3)

Board size shows a strong correlation with market cap

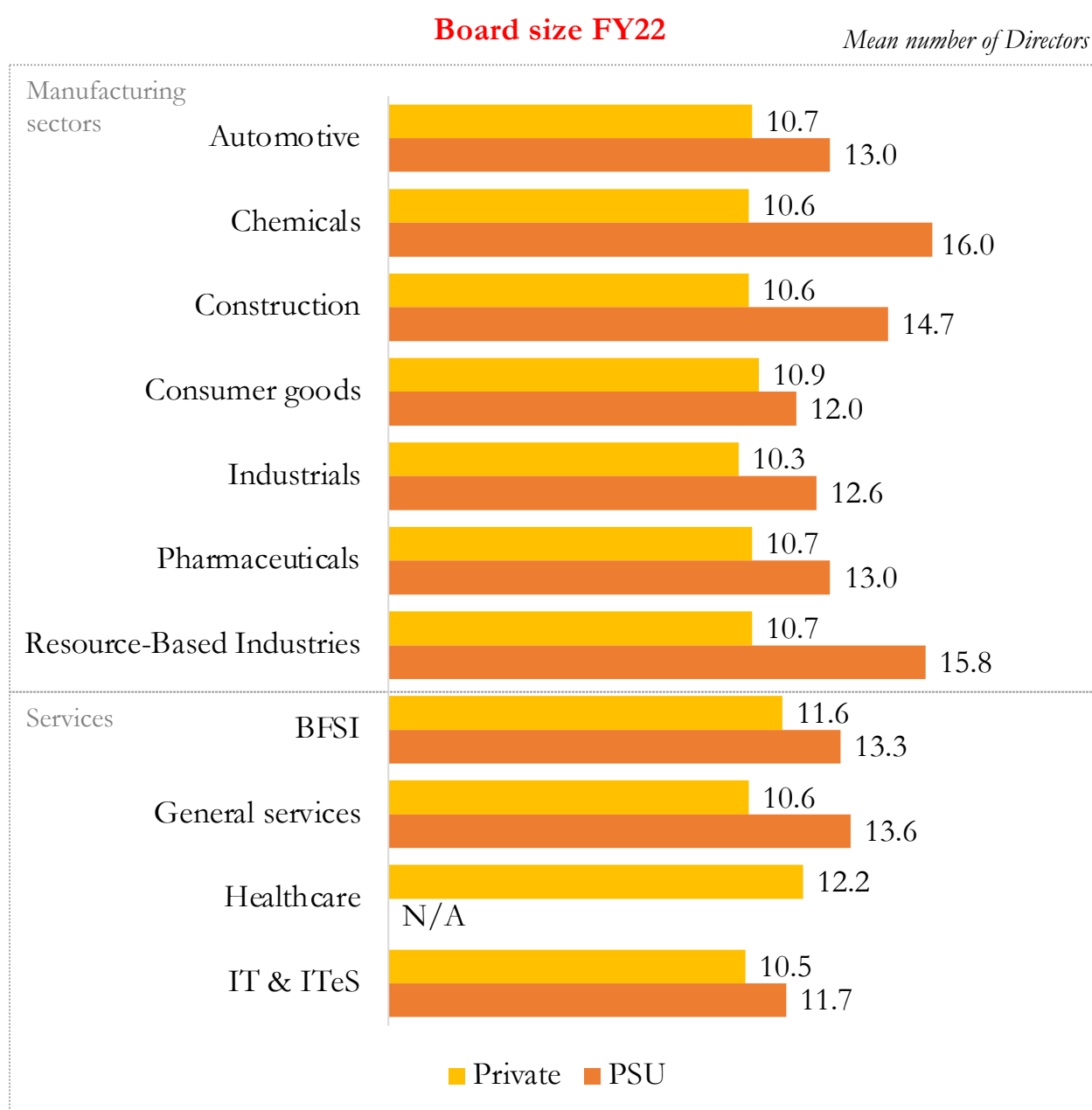
- On the whole, large-cap companies – especially those in the PSU world – have the biggest Boards. Small and micro cap PSUs, especially multinationals, are an exception with large Board sizes, perhaps driven by sector/country-specific norms.
- Foreign MNCs have relatively fewer Directors than their Indian counterparts.
- While private unlisted companies have the fewest Directors on their Boards, PSU unlisted companies have the highest share of directors in Indian MNCs.

Mean number of Directors, FY22



How Big are Company Boards? (3/3)

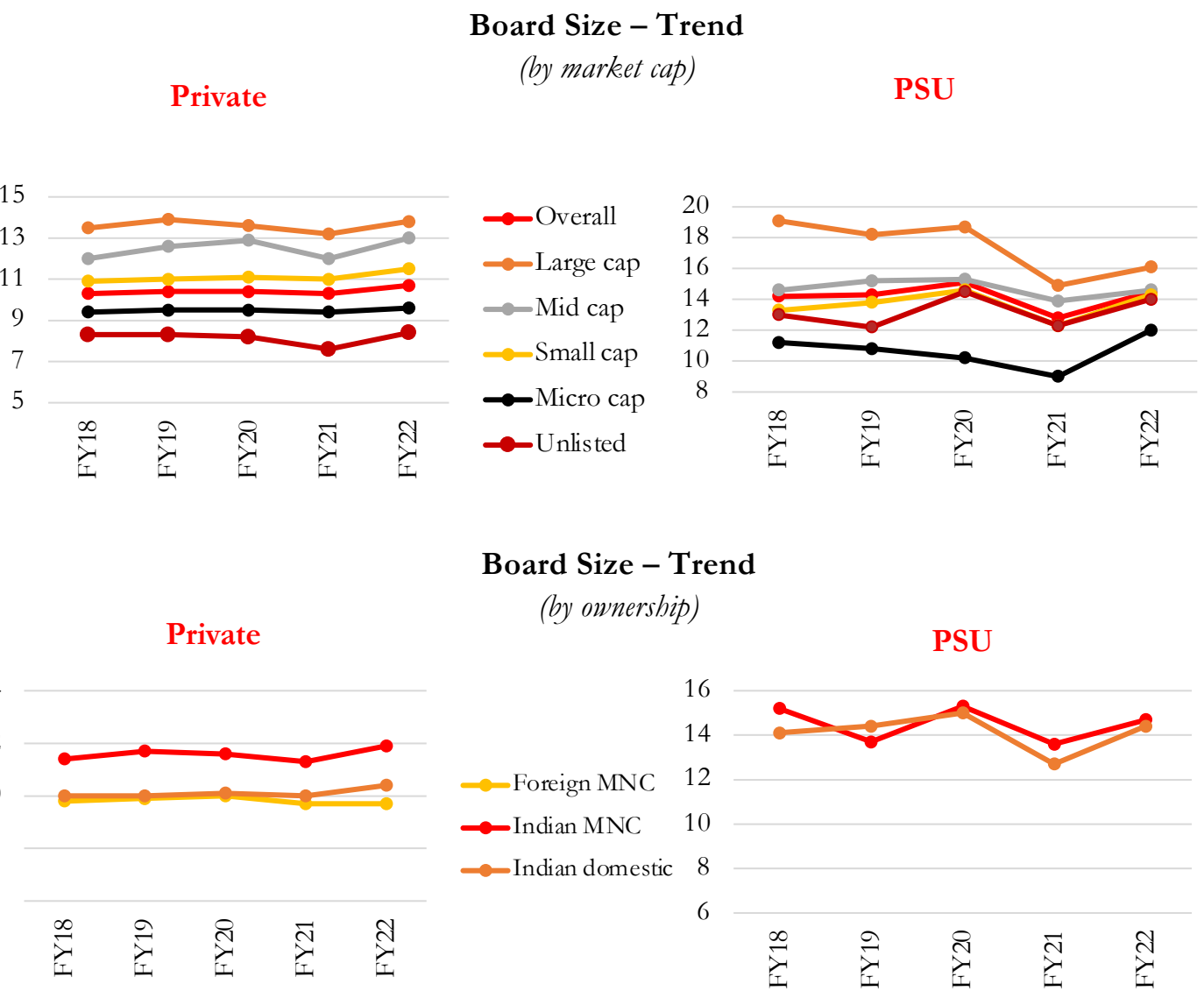
- PSUs in the chemicals and resource-based industries have the biggest boards – 16, compared to 10 for the average PSU.
- Across sectors, private-sector Boards tread close to the average (10). Consumer goods average 11 Board members.



Board Size Trend: By Market Cap and Ownership

Rising Board size is a recent phenomenon:

- Across most categories of firms, the sizes of both private and PSU Boards has remained broadly constant for the last five years but saw a slight uptick in FY22.
- Board size correlates strongly with market cap for both private companies and PSUs.
- Ownership-wise, foreign MNCs have consistently had smaller Boards than their Indian peers. Among PSUs, both domestic and multinational firms show a similar, rising trend in Board strength.

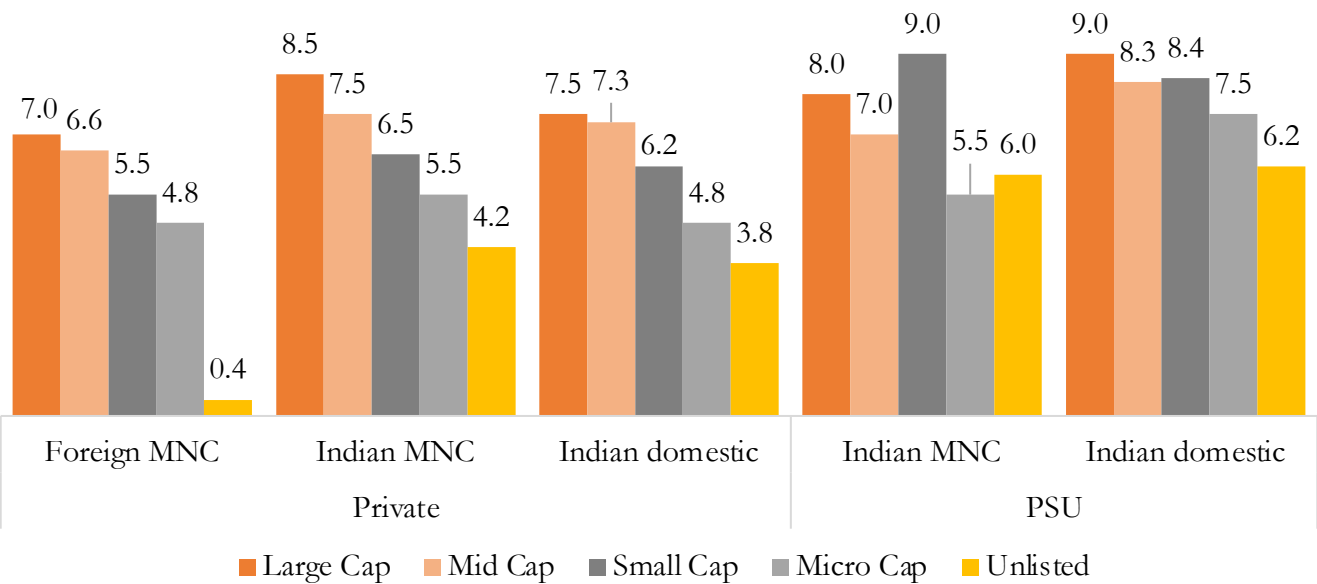


Number of NEDs (1/2)

Domestic companies, and bigger firms, tend to have more NEDs.

- Large-cap, private-sector Indian MNCs had 8.5 NEDs on the Board in FY22, slightly more than in PSUs (8.0).
- Size-for-size, Indian firms have more NEDs than their foreign peers.
- NED counts in the PSU world drop off steeply as market-cap falls.

Mean number of NEDs, FY22

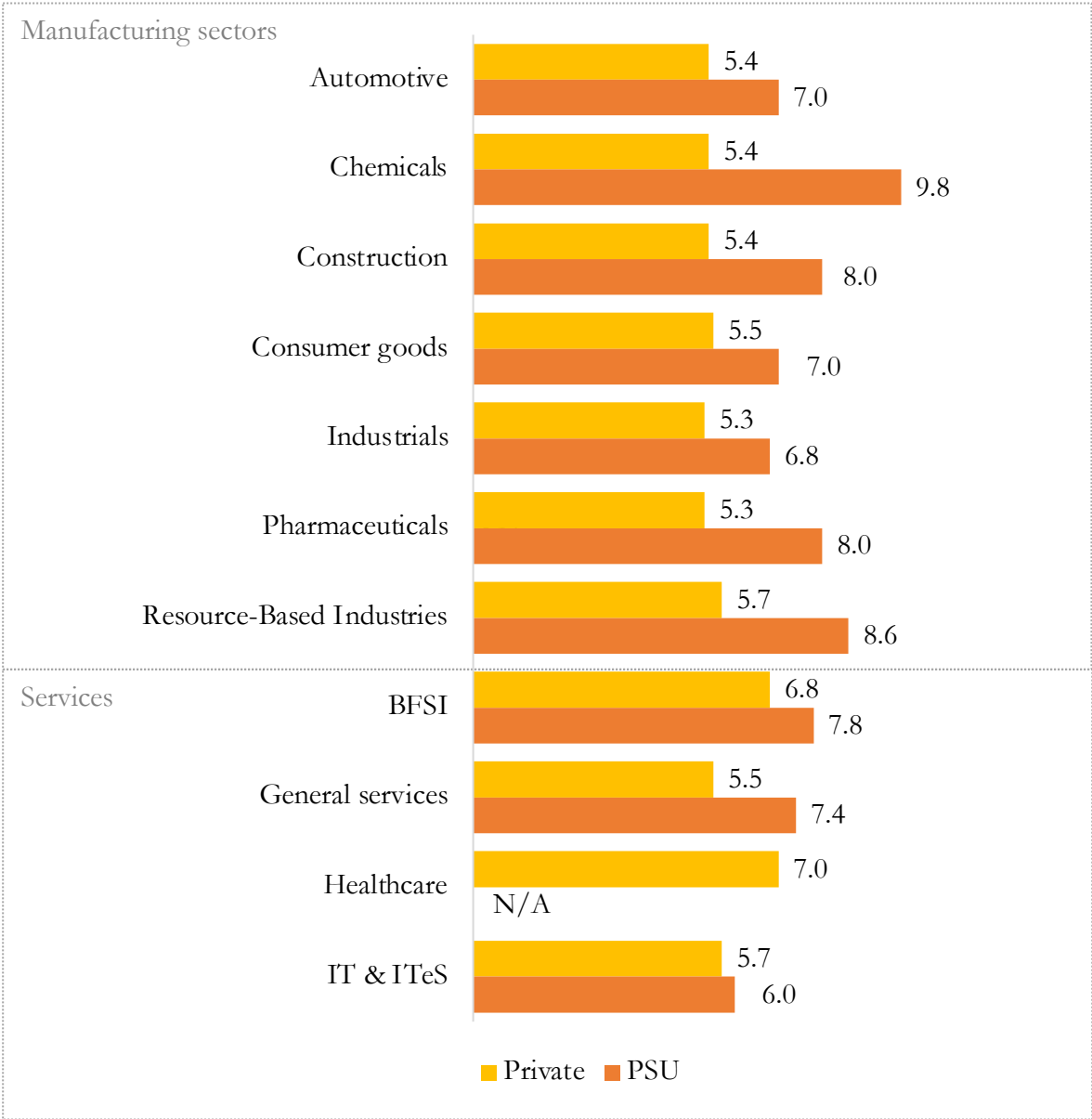


Number of NEDs (2/2)

Across sectors, PSUs generally have more NEDs than private companies

- However, IT & ITes are the only category with almost equal mean number of NEDs for private sector firms (5.7) and PSUs (6).
- Chemical PSUs have almost double the number of NEDs as their private-sector peers.

Mean number of NEDs, FY22



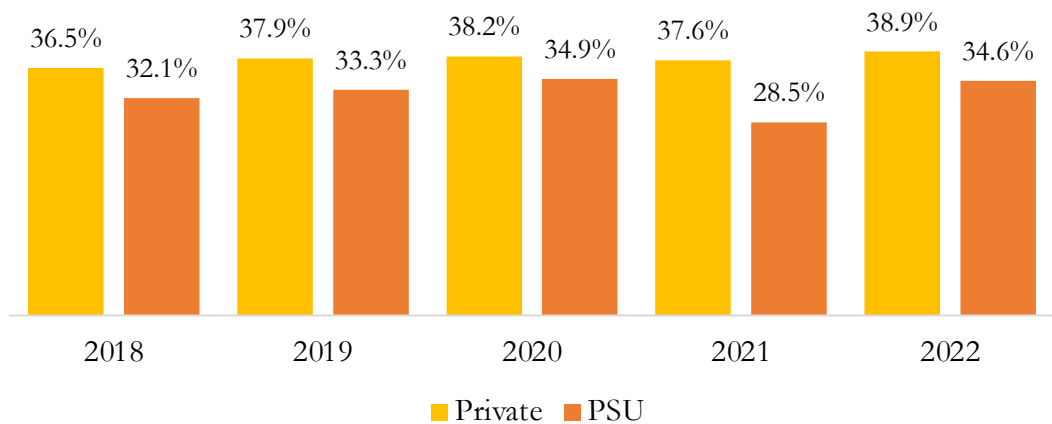
Number of Independent Directors (1/3)

PSUs have bigger Boards but fewer IDs as a share of the total than private companies:

- Private-sector companies generally have a higher share of IDs on the Board than do PSUs.
- The ratio of IDs to total Board size has edged up mildly in the last 5 years, from 37% to 39%. Among PSUs, it has tended to move around sharply.
- Larger companies tend to have a higher share of IDs than smaller/unlisted ones.
- Ownership-wise, foreign MNCs have the lowest percentage (29.7%) of IDs on their Boards.

Share of IDs on Company Boards

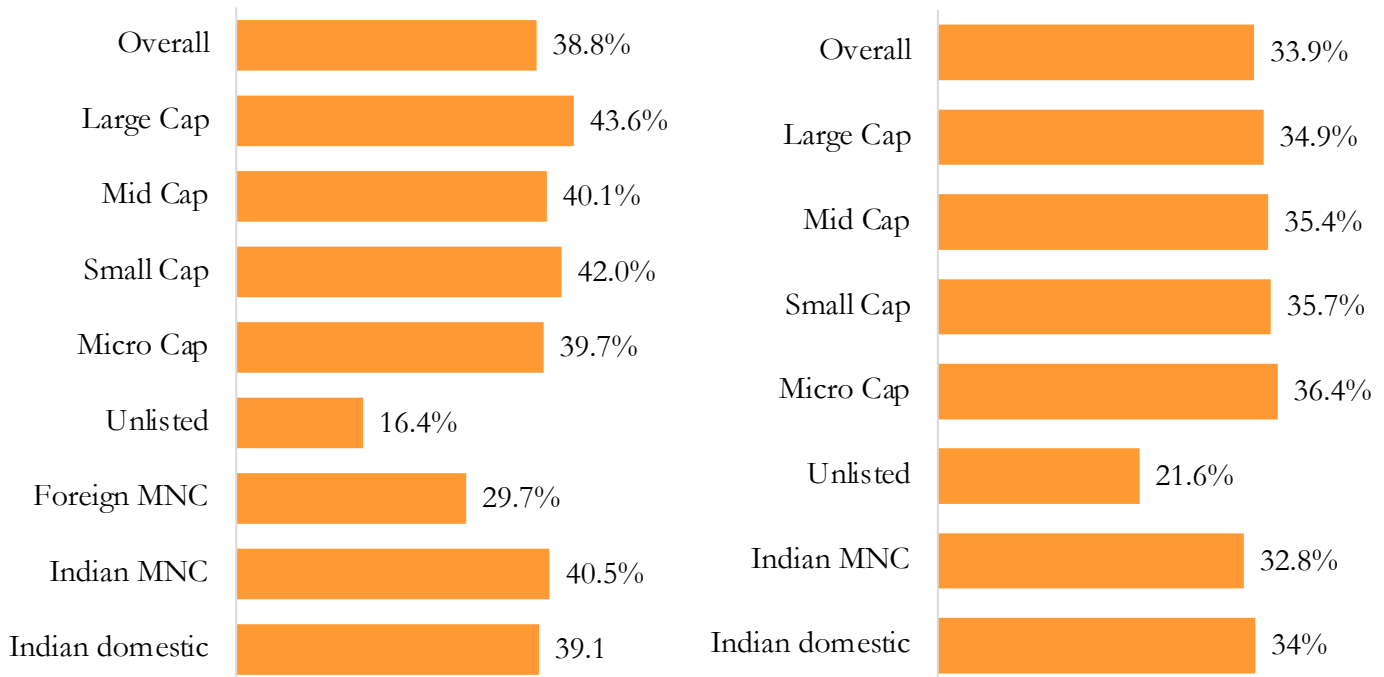
FY22



Private

FY22

PSU



Number of Independent Directors (2/3)

The proportion of Independent Directors on a Board is correlated with company size

- 42% of large private companies have more than 7 IDs on their Board; 25% of large PSUs do.
- For mid-, small- and micro-caps, this ratio steadily drops, to 21%, 13% and 4%, respectively.
- 21% of foreign MNCs have no ID on their Board.

Distribution of IDs on Company Boards (FY22)

Private

	None	1	2	3 to 4	5 to 6	7 to 9	10 to 12	Total
Overall	4.9%	0.4%	5.8%	49.5%	29.1%	9.2%	1.0%	100%
Market Cap								
Large Cap	0.0%	0.0%	2.6%	22.1%	33.8%	36.4%	5.2%	100%
Mid Cap	1.6%	0.0%	1.6%	32.8%	43.4%	18.0%	2.5%	100%
Small Cap	0.4%	0.0%	1.6%	46.1%	38.8%	11.6%	1.6%	100%
Micro Cap	1.1%	0.3%	9.0%	65.0%	20.6%	3.9%	0.0%	100%
Unlisted	47.1%	3.5%	17.6%	25.9%	4.7%	1.2%	0.0%	100%
Ownership								
Foreign MNC	20.8%	0.8%	4.0%	52.8%	20.0%	1.6%	0.0%	100%
Indian MNC	3.1%	0.2%	2.4%	39.5%	35.7%	16.9%	2.2%	100%
Indian domestic	4.0%	0.4%	7.0%	52.3%	27.9%	7.5%	0.8%	100%

PSU

	None	1	2	3 to 4	5 to 6	7 to 9	10 to 12	Total
Overall	3.3%	1.1%	6.5%	26.1%	40.2%	22.8%	0.0%	100%
Market Cap								
Large Cap	0.0%	0.0%	8.3%	8.3%	58.3%	25.0%	0.0%	100%
Mid Cap	5.3%	0.0%	5.3%	26.3%	31.6%	31.6%	0.0%	100%
Small Cap	2.2%	2.2%	2.2%	26.1%	41.3%	26.1%	0.0%	100%
Micro Cap	0.0%	0.0%	25.0%	25.0%	50.0%	0.0%	0.0%	100%
Unlisted	9.1%	0.0%	18.2%	45.5%	27.3%	0.0%	0.0%	100%
Ownership								
Indian MNC	7.7%	0.0%	0.0%	30.8%	46.2%	15.4%	0.0%	100%
Indian domestic	2.5%	1.3%	7.6%	25.3%	39.2%	24.1%	0.0%	100%

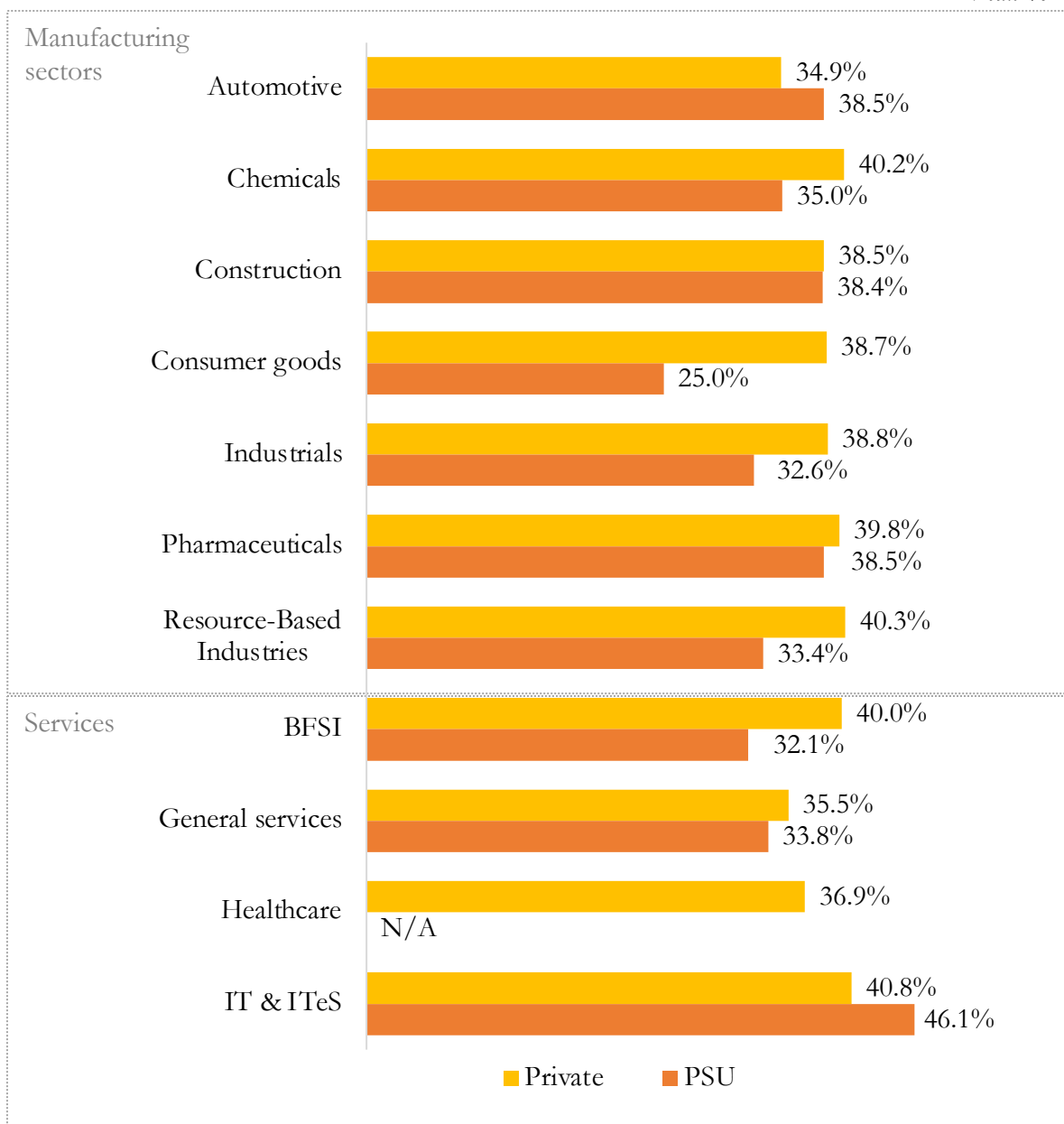
Number of Independent Directors (3/3)

- Within the private sector, the share of IDs on the Board varies only mildly across sectors.
- Chemicals and Resource-Based Industries stand out for their high proportion of IDs (40%), while Automotive (35%) are an exception for the opposite reason.
- Among PSUs, consumer goods have the lowest share of IDs (25%) while IT & ITeS firms have the highest (46.1%).

Share of IDs on Company Boards

FY22

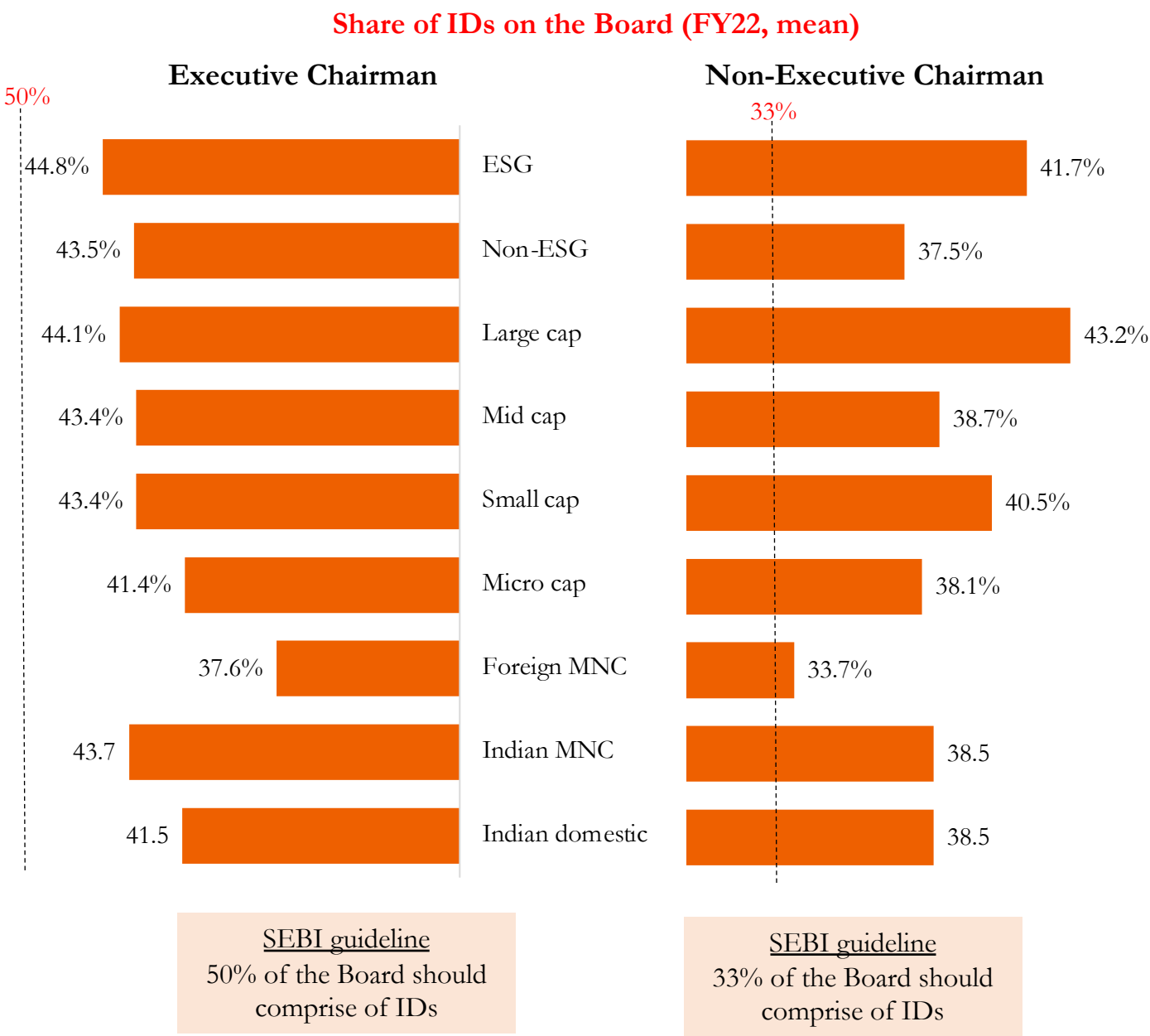
Mean %



Are Companies Meeting the Norms for Independent Directors?

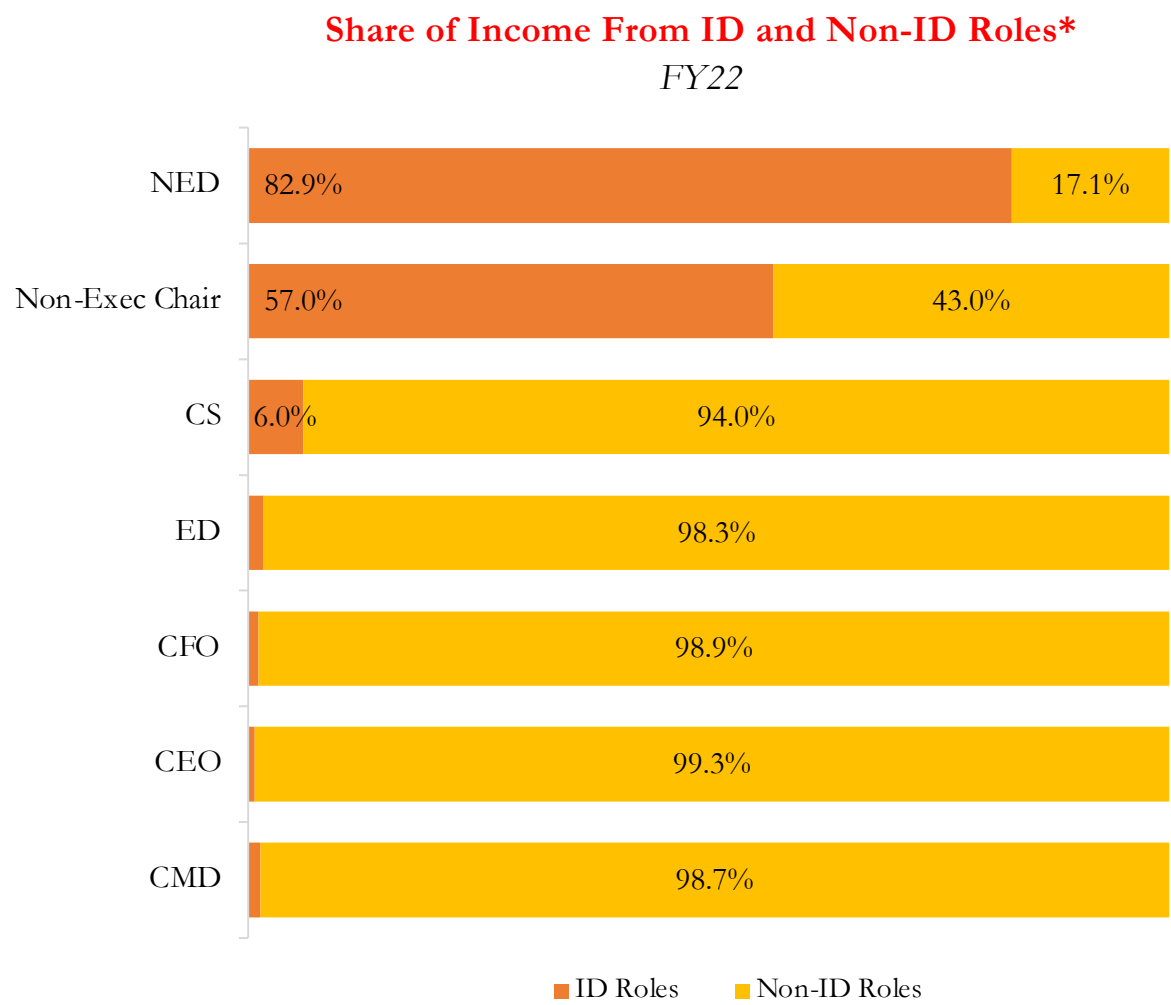
Most firms that have an Executive Chairman continue to fall short in terms of the required number of IDs on the Board:

- According to the regulatory guidelines, if the Chairman of the Board is an Executive, IDs should make up half the Board. **Across size and ownership bands, the average company falls short on this criterion.**
- If the Chairman is a Non-Executive, the law mandates that at least one-third of the Board should comprise of IDs. **Across all categories, the average company with a Non-Executive Chairman meets or exceeds this threshold.**



How Independent are IDs? (1/2)

- In FY22, the average NED earned 83% (up from 80% 5 years ago) of his/her total Board income from ID roles, and 17% from ‘non-independent’ roles.
- In comparison, Non-Executive Chairmen earned 57% on average from ID roles. For individuals holding CMD, CEO, CFO, and ED positions, this share is close to nil, implying that they do not earn significantly from NED roles on the side.
- Individuals holding CS positions earn only 6% of the share of income from ID roles, implying most such individuals earn their income from non-ID roles.



* An individual may hold one position/designation in one organisation and an entirely different one in another. For instance, a CMD in company X may be an NED in company Y. For purposes of analysis, the designations referred to above are the single-highest/most ‘senior’ position held by each individual

How Independent are IDs? (2/2)

- 82% of NEDs earned more than 75% of their income from ID roles. The same is true for 53% of Non-Executive Chairmen.
- The share of income from ID roles dipped slightly in FY22, indicating a marginal decline of independent directorship as a profession in the previous year.

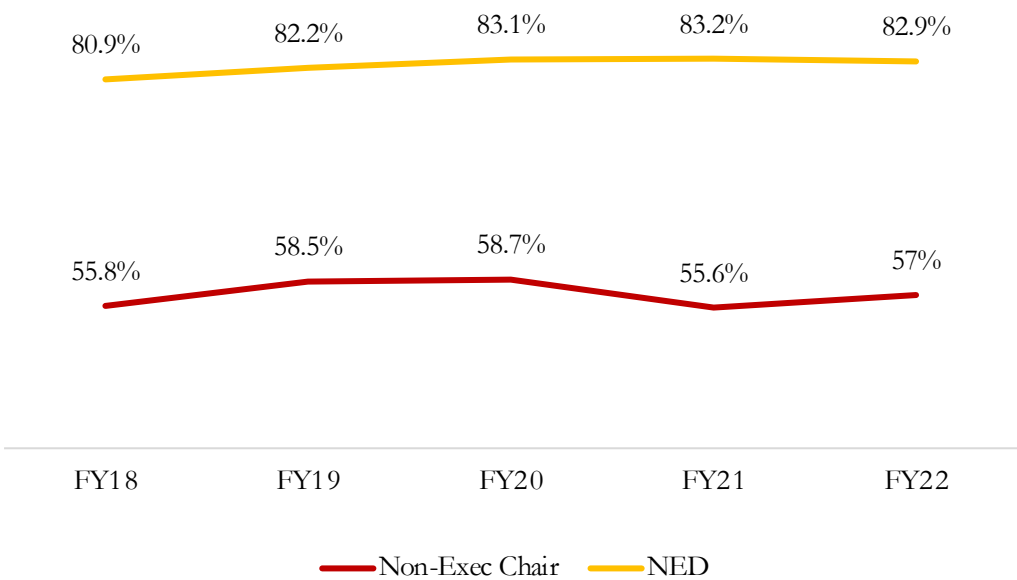
Share of Income from ID Roles

(% of directors)

FY22	<10%	10-75%	>75%
CMD	95.1	4.6	0.3
CEO	97.8	2.2	0.0
CFO	99.3	0.7	0.0
ED	96.8	2.4	0.8
CS	83.3	16.7	0.0
Non-Exec Chair	38.1	9.4	52.5
NED	15.7	1.9	82.4

Share of Income from ID Roles

(means)



Promoter Presence on the Board

Promoter presence on the Board decreases with company size

- 67% of companies have at least one promoter on their Board.
- Large-cap companies have a lower promoter presence. Younger companies are considerably less likely to have one compared to older companies.
- 75% of companies in the chemicals and construction sector have a promoter on the Board. At the other end of the tail, just 46% of BFSI firms have any promoter presence.
- At the average company, 15% of Directors are promoters. Foreign MNCs, have the lowest count on this score, and just 28% of such companies have any promoter presence.

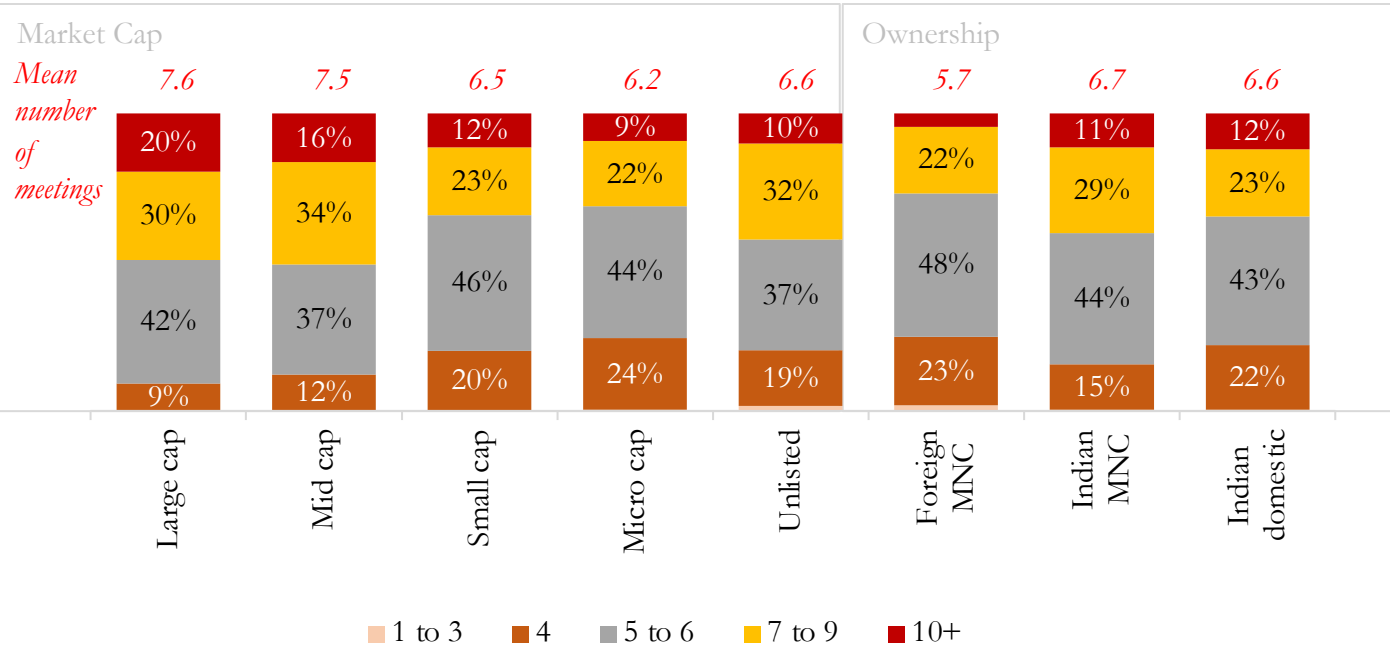
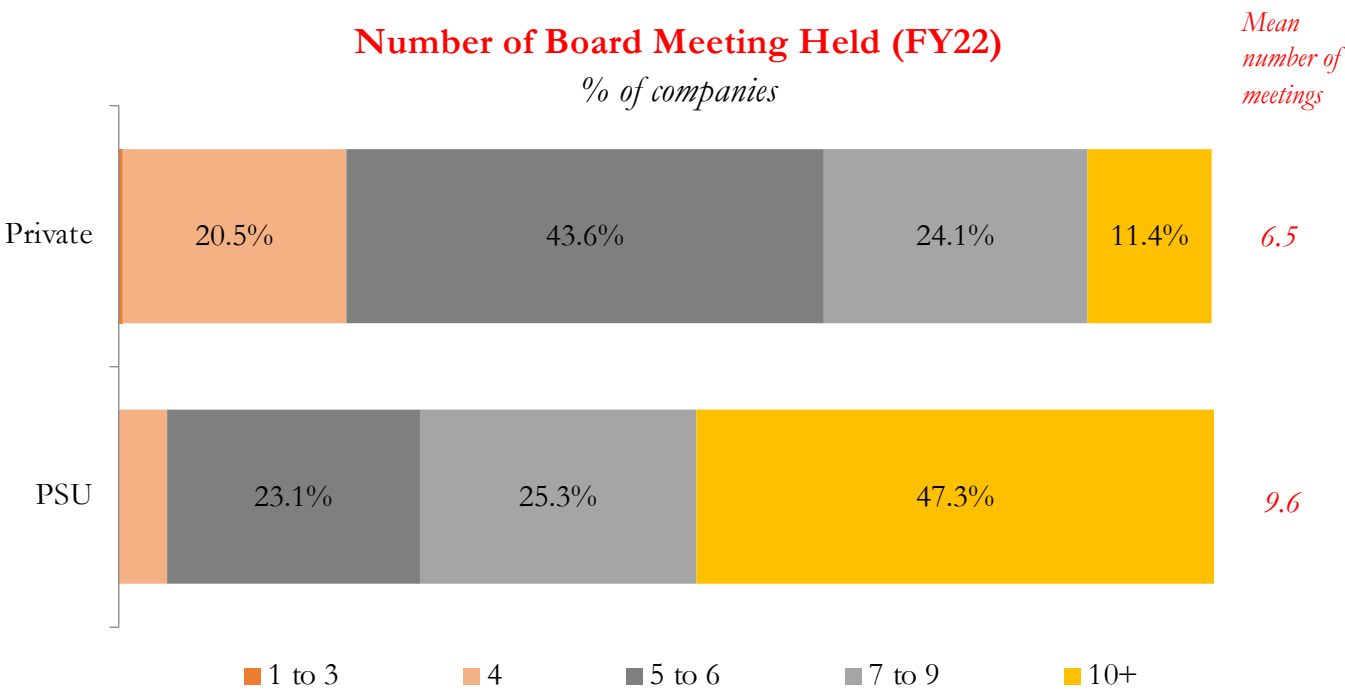
FY22, % companies with Promoter on the Board		Promoter Presence*	Median number of Promoters	Promoter Ratio#
Market Cap	Overall	67%	1.5	15.2%
	Large Cap	51%	1.4	9.8%
	Mid Cap	57%	1.5	11.9%
	Small Cap	69%	1.7	15.1%
	Micro Cap	68%	1.6	16.6%
Ownership	Foreign MNC	28%	0.5	6.7%
	Indian MNC	71%	1.7	15.1%
	Indian domestic	68%	1.5	15.9%
Age	Pre-liberalisation (<1991)	71%	1.7	16.3%
	Post-liberalisation (1991-2007)	64%	1.3	14.3%
	Post GFC (>2008)	56%	1.1	12.5%
Sector	Automotive	59%	1.1	12.0%
	Chemicals	75%	1.9	18.2%
	Construction	75%	1.7	17.1%
	Consumer goods	66%	1.7	15.3%
	Industrials	72%	1.6	16.7%
	Pharmaceuticals	68%	1.8	16.7%
	Resource-Based	71%	1.6	16.0%
	BFSI	46%	0.8	9.0%
	General services	56%	1.2	12.7%
	Healthcare	69%	1.6	12.8%
	IT & ITeS	60%	1.1	11.7%

* Among listed private-sector companies. Promoters on the Board of foreign MNCs include foreign nationals who are self-classified as promoters on the Board. # Mean (average) percentage of directors who are promoters in a company

Number of Board Meetings (1/2)

PSU Boards meet more frequently than private-sector ones

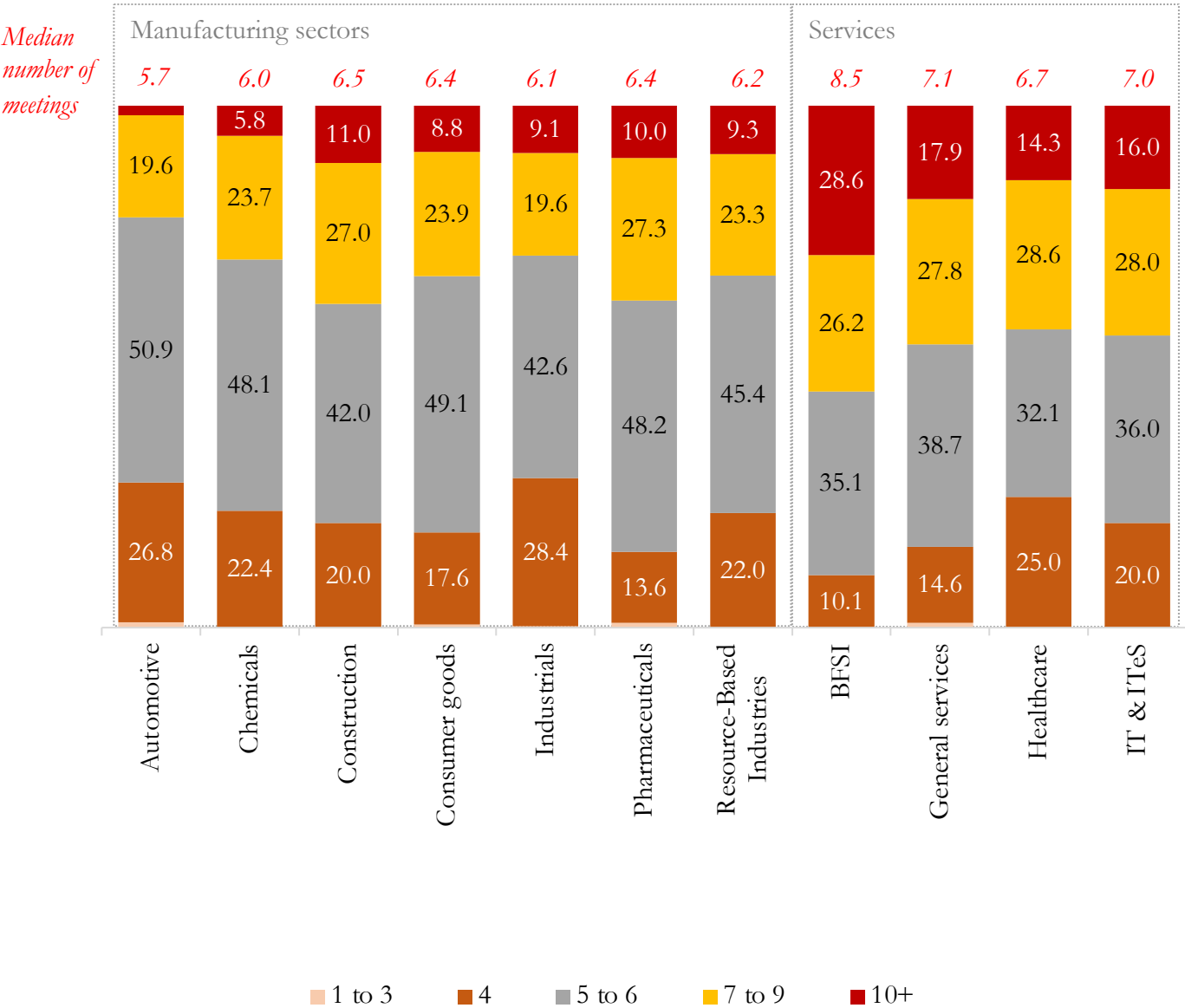
- 47% of PSU Boards met 10 or more times in FY22, compared to only 11% of private ones.
- 64% of private firms held 6 or fewer meetings in FY22.
- On average, large- and mid-cap firms hold more meetings (~8) than smaller ones (6).
- Indian Boards tend to meet more often than foreign ones.



Number of Board Meetings (2/2)

BFSI Sector Boards meet more often than those in other sectors

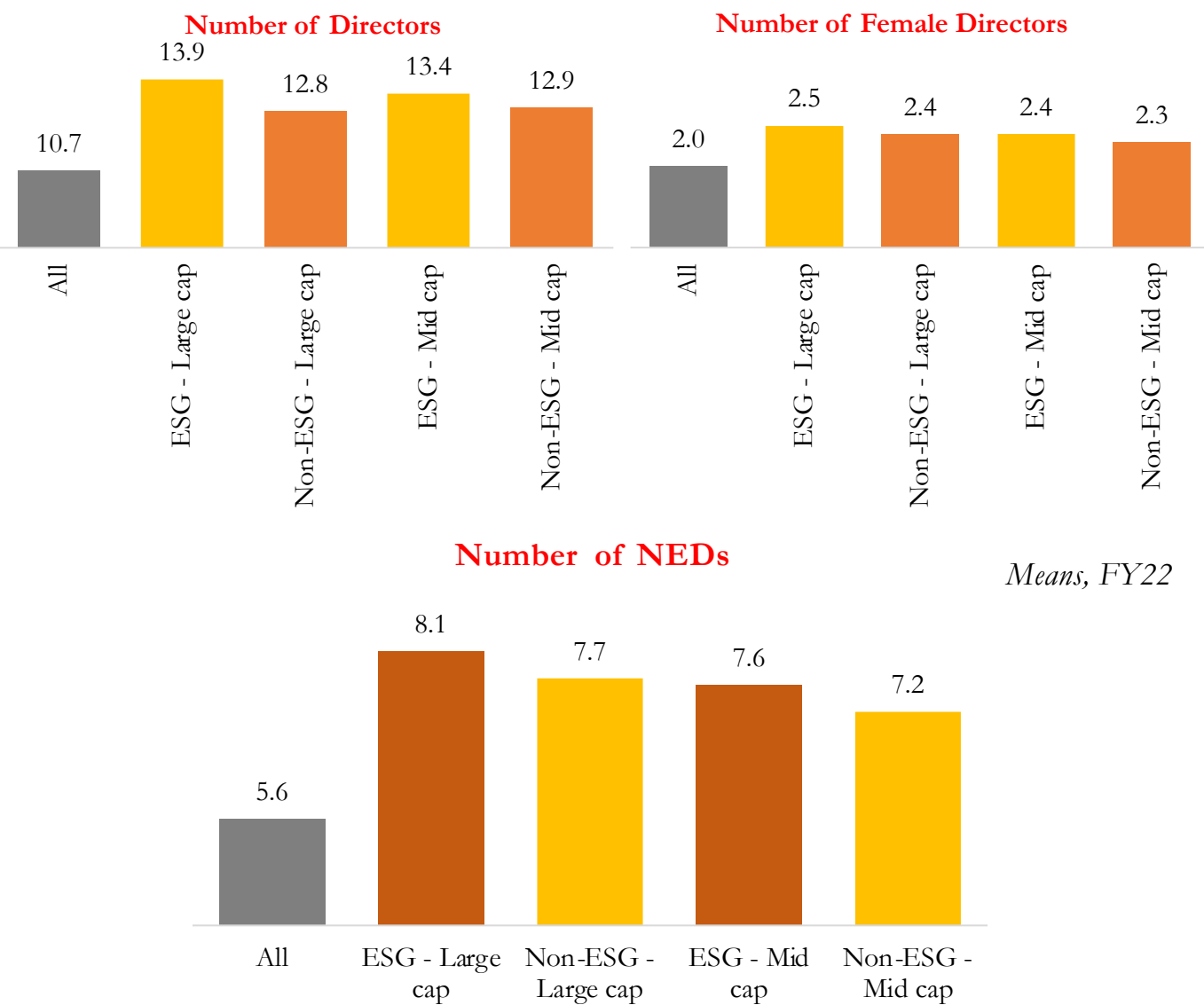
- The automotive sector had the lowest frequency of Board meetings (5.7) in FY22
- BFSI boards meet the most often, with ~29% meeting 10 times or more a year.



How are ESG Companies* Different? (1/2)

ESG-compliant* companies on average have larger Boards, more female directors and more NEDs...

- With growing concerns about environmental, social and governance (ESG) issues, Boards and Board-related practices will increasingly come under the scanner.
- Significantly, companies that are rated high on ESG practices on average have ~1 additional Board members, and about as many additional NEDs, compared to the average firm in their market-cap band. They also tend to have *slightly* higher female representation.
- This is indicative of a growing emphasis on high corporate governance standards, gender equality, and on building an independent Board.

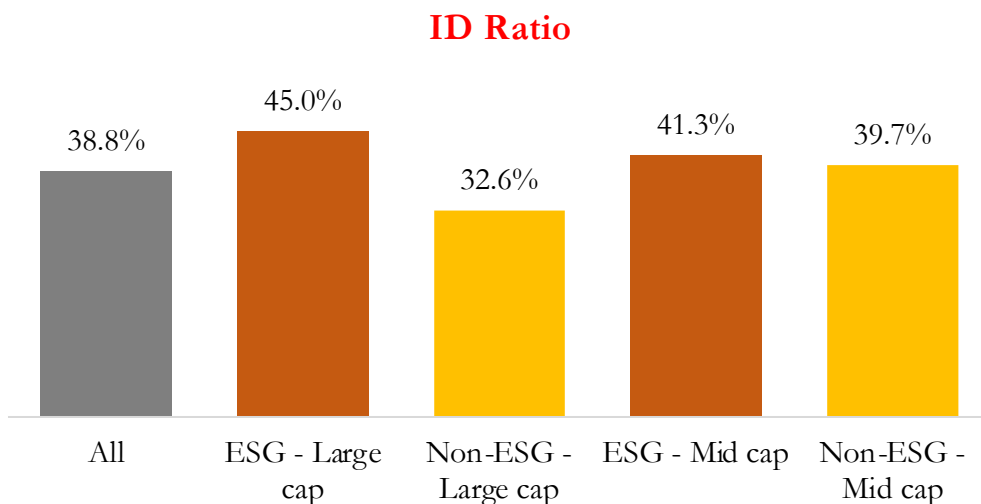
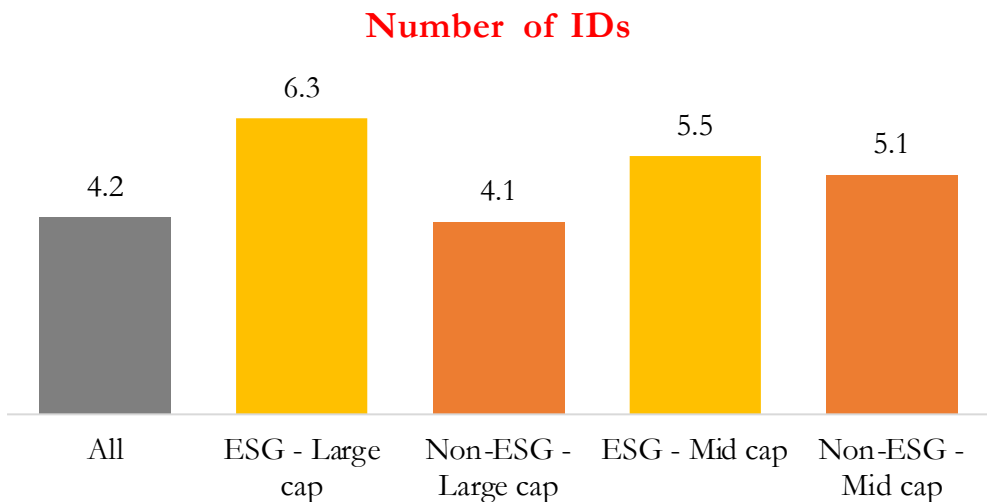


* These are companies that figure on one or more of the following lists: the NSE 100 ESG Index; S&P BSE 100 ESG Index; and a ranking by Future Scope. See methodology section at the beginning of this report.

How are ESG Companies* Different? (2/2)

...as well as more Independent Directors

- Compared to their non-ESG-compliant peers, companies that rank high on ESG have more IDs, both in absolute terms and as a share of the total Board size.



** These are companies that figure on one or more of the following lists: the NSE 100 ESG Index; S&P BSE 100 ESG Index; and a ranking by Future Scape. See methodology section at the beginning of this report.*

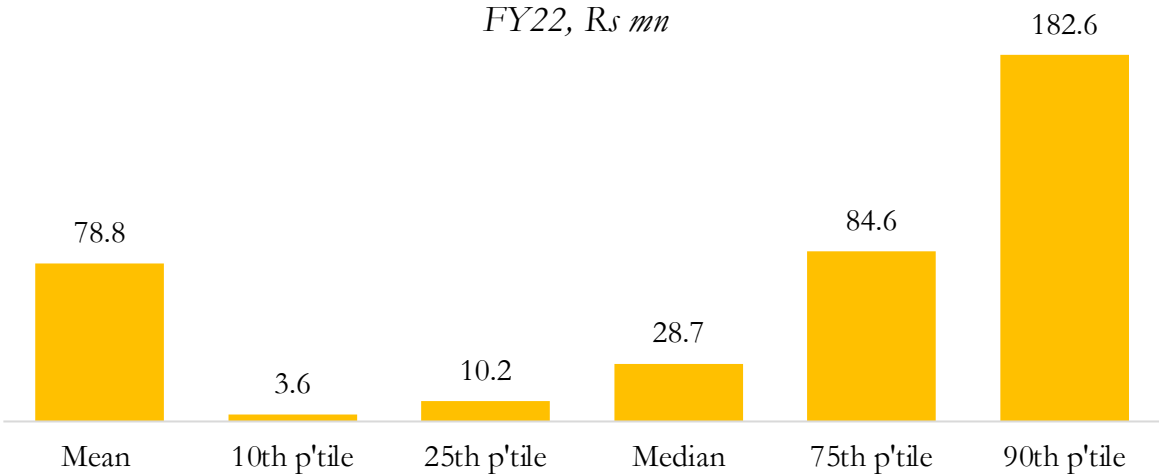
How Much Does it Cost to Run a Board? (1/3)

Significant variations in the total compensation cost of Board members

- The average firm pays a total of Rs 78.8 mn to its Board members.
- This varies significantly: the lowest 10% pay Rs 3.6 mn or less while the top 10% pay Rs 182.6 mn or more.
- As a share of revenue, the average firm spends 0.9% of its top-line on Board compensation. At the two extremes, this ratio ranges from just 0.08% to as much as 1.88% of revenue.

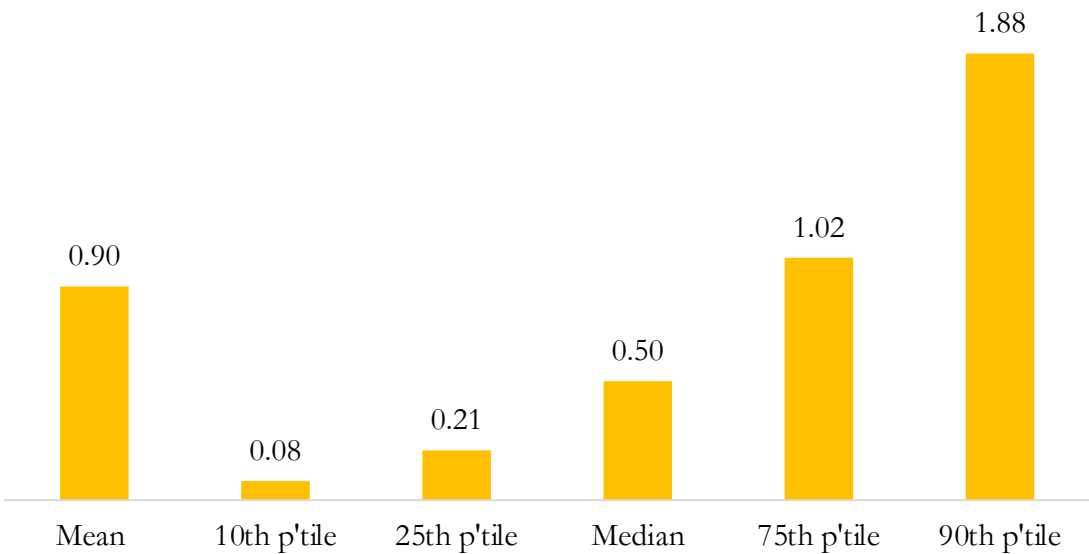
Total Board Pay

FY22, Rs mn



Total Board Pay

FY22, % of Revenue



How Much Does it Cost to Run a Board? (2/3)

The cost of running a Board rises with size in absolute terms, but falls in relative terms

- The average large-cap pays its Board Rs 429 million, compared to just Rs 17 million among micro-caps.
- However, as a share of revenue, large-caps spend just 0.4% of revenue compared to 0.9-0.8% among small- and micro-caps.
- Indian MNCs spend considerably more (in absolute terms) to run a Board than other companies, but Indian domestic firms spend the most in percentage terms.

Total Board Pay

(FY22, Rs million)

	Mean	10th percentile	25th percentile	Median	75th percentile	90th percentile
Large cap	429.14	51.11	153.10	294.73	564.51	959.48
Mid cap	229.57	49.96	88.09	170.05	290.73	512.92
Small cap	83.19	9.91	22.81	54.92	107.67	176.43
Micro cap	17.06	1.83	5.18	10.98	21.92	38.06
Unlisted	56.17	3.29	10.08	28.47	57.54	112.03
Foreign MNC	76.34	8.59	20.39	46.02	79.87	164.81
Indian MNC	155.79	8.70	28.20	76.56	177.05	390.44
Indian domestic	55.76	3.00	8.40	21.46	60.56	137.39

Total Board Pay

(FY22, % of Revenue)

	Mean	10th percentile	25th percentile	Median	75th percentile	90th percentile
Overall	0.90	0.08	0.21	0.50	1.02	1.88
Large cap	0.40	0.02	0.05	0.14	0.38	0.56
Mid cap	1.10	0.06	0.19	0.40	0.72	1.68
Small cap	0.90	0.10	0.23	0.53	1.01	1.83
Micro cap	0.80	0.08	0.25	0.55	1.14	1.89
Unlisted	1.00	0.05	0.20	0.49	1.12	2.19
Foreign MNC	0.70	0.13	0.22	0.42	1.02	1.43
Indian MNC	0.80	0.07	0.20	0.48	0.94	1.83
Indian domestic	0.90	0.08	0.22	0.51	1.05	1.95

How Much Does it Cost to Run a Board? (3/3)

ESG companies spend more on their Boards

- At the median, compared with other companies of a similar market-cap, ESG compliant* companies pay their Board members considerably more in absolute terms, but – because such firms are also larger in revenue terms – *less* as a share of revenue.
- The median large-cap ESG-compliant company spends nearly twice as more on its Board than a comparable non-ESG firm. The differences are smaller, but still significant, among mid-caps.

Total Board Pay
(FY22, Rs million)

		Mean	10th percentile	25th percentile	Median	75th percentile	90th percentile
	Overall	78.83	3.60	10.19	28.71	84.61	182.60
Large Cap	ESG	463.28	63.76	192.92	344.27	575.96	1007.71
	Non-ESG	182.65	30.51	53.14	123.25	181.99	576.86
Mid Cap	ESG	250.04	82.19	124.57	259.36	310.88	512.83
	Non-ESG	223.04	44.53	74.79	163.40	279.46	516.55

Total Board Pay
(FY22, % of revenue)

		Mean	10th percentile	25th percentile	Median	75th percentile	90th percentile
	Overall	0.90	0.08	0.21	0.50	1.02	1.88
Large Cap	ESG	0.30	0.02	0.05	0.13	0.38	0.56
	Non-ESG	0.80	0.01	0.07	0.21	0.44	5.12
Mid Cap	ESG	1.10	0.08	0.17	0.33	0.56	4.24
	Non-ESG	1.10	0.05	0.2	0.41	0.77	1.67

* These are companies that figure on one or more of the following lists: the NSE 100 ESG Index; S&P BSE 100 ESG Index; and a ranking by Future Scape. See methodology section at the beginning of this report. ^ Signifies less than 0.1%

Roadmap to the Report

Section 1: Board Governance Metrics

- Board size and Trends
- Number of NEDs
- Number of Independent Directors
- Share of IDs on Company Boards
- Board Independence
- Promoter Presence on the Board
- Number of Board Meetings
- What makes ESGs different?
- Cost of running a Board



Section 2: Executive and Non-Exec Directors' Compensation

- Key Takeaways
- Total Pay by levels: FY22
- Pay Ranges: FY22
- Pay Trend: FY18-22
- Pay Comparisons FY22 by Revenue, Market Cap, Ownership, Company Age and Sector
- Pay Distribution by Level: FY22
- Pay Composition FY22
- Highest Paid CMDs, CEOs, CFOs
- Total Pay FY22 by Designation
- Change in Pay: FY18-22
- Pay vs Performance



Section 3: Gender Diversity & Equality

- Male-Female Representation by Level
- Companies with no Female Representation
- Gender-wise Pay Split by Level
- Change in Pay FY18-22: Gender Split
- Female Pay Composition

Key Takeaways (1/3)

Executive Directors (EDs)



Compensation levels rose sharply across all executive positions in FY22, post a pandemic-induced suppression. Private-sector CEOs were the highest paid, with an average CTC of Rs 41.9 mn, overtaking CMDs for the first time.

The average CMD earned Rs 40.5 mn, up from Rs 31.4 mn in FY18. The averages for EDs, CFOs and Company Secretaries stood at Rs 18.1 mn, Rs 12.7 mn and Rs 4 mn, respectively.



Across all positions, average pay is considerably higher than median pay, suggesting that a handful of large outliers pulled up the overall averages. Both figures should be considered when making like-for-like comparisons.

Pay is strongly correlated with company size. Across levels, big companies – by both market cap and revenue, pay multiple times as much as smaller ones.



Key Takeaways (2/3)



Contrary to the general notion, foreign MNCs do not always offer the best pay packages. Indian MNCs out-pay foreign MNCs and Indian domestic firms across the CMD, CEO, CFO and ED levels.

Variable pay has risen sharply across CXO positions in the last 2 years after declining in the previous 2-3 years. Pay-to-median-pay ratios have also increased in the last 2 years.



Resource-based firms have the biggest pay packages at the CMD level (Rs 59 mn); IT/ITeS companies at the CEO level (Rs. 88.8 mn); pharma companies for CFO (Rs. 19 mn) and ED (Rs 29.9 mn) levels; and BFSI firms at the CS level (Rs 5.9 mn).

Private sector CMDs receive biggest shares of their pay (29%) as variable components compared to other executives. Next come CEOs (24%) and EDs (20%), while for CFOs and CSs, it is 14-17%.



Key Takeaways (3/3)

Non-Executive Directors (NEDs)



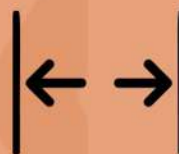
Average pay for NEDs in the private sector in FY22 stood at Rs 1.37 mn. Pay distribution is heavily skewed. At the higher end, NEDs get paid over 10x compared to the lower end.

Size and ownership both matter to NED pay. Large-cap firms paid their NEDs 5x the overall average last year, and 2-5x more than midcaps and small-caps did.



MNCs out-compete Indian domestic firms on NED compensation. Among PSUs, the average NED received Rs 0.60 mn in FY22, ~43% lower than in the private sector.

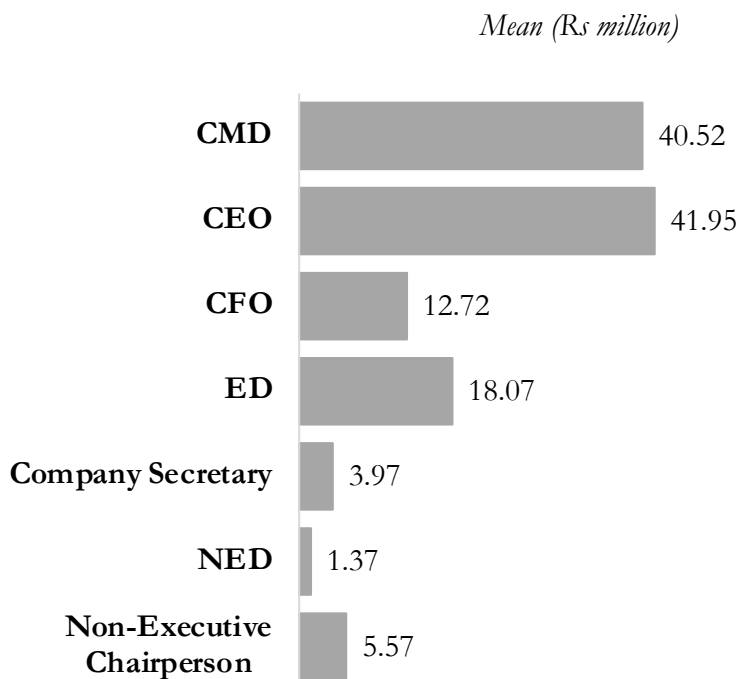
These gaps increase sharply when company size comes into play. In the last 5 years, NED pay has increased at an annualised 9.2% in the private sector and 3.7% among PSUs.



Total Pay by Level: FY22

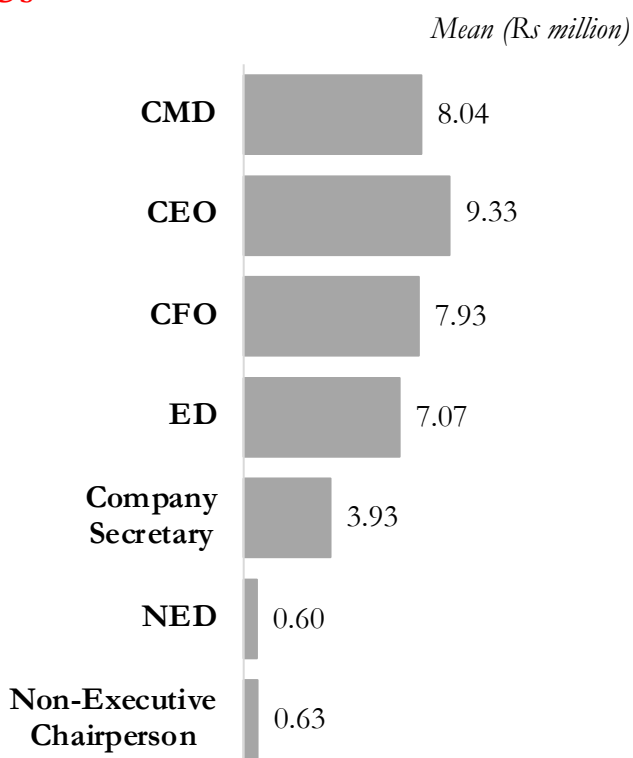
Private Sector

- CEOs in the private sector on average earned Rs 41.9 million in compensation.
- For the first time in years, average CMD pay was slightly below that for CEOs.
- CFOs earned Rs 12.72 million – almost 30% of what CEOs earned and 42% less than EDs.
- Non-executive Chairmen made Rs 5.6 million, company secretaries Rs 3.9 million and NEDs Rs 1.4 million.



PSUs

- CEOs at PSUs on average earned Rs 9.3 million, more than the average CMD (Rs 8.0 million).
- The gap between CEO pay on the one hand, and that for CFOs and EDs on the other, is much less than in the private sector.
- Both Non-Executive Directors and NEDs made ~0.6 million this year.



Pay Distribution by Level: FY22

Private Sector

- Significant variations exist in executive compensation between the top and bottom ends of the spectrum. Top-quartile (75th percentile) CMDs and CEOs are paid >5x that of those at lower end (25th percentile).
- Private-sector CFOs and EDs earned Rs 5.5 and Rs 6.6 million respectively, at the median.

Rs million

	Mean	25 th Percentile	Median	75 th Percentile	90 th Percentile
CMD	40.52	6.03	15.91	42.94	101.71
CEO	41.95	7.38	19.22	43.59	93.78
CFO	12.72	2.00	5.50	14.28	32.39
ED	18.07	2.40	6.58	17.97	39.87
CS	3.97	0.60	1.65	4.35	9.29
NED	1.37	0.13	0.47	1.45	3.20
Non-Exe Chairman	5.57	0.25	0.80	2.78	7.20

PSUs

- CMD and CEO pay in the PSU world is a fraction (1/4th -1/2th) of that in the private sector.
- However, the gap between the highest and lowest-paid top executives is also much smaller (3-6 times) in PSUs.

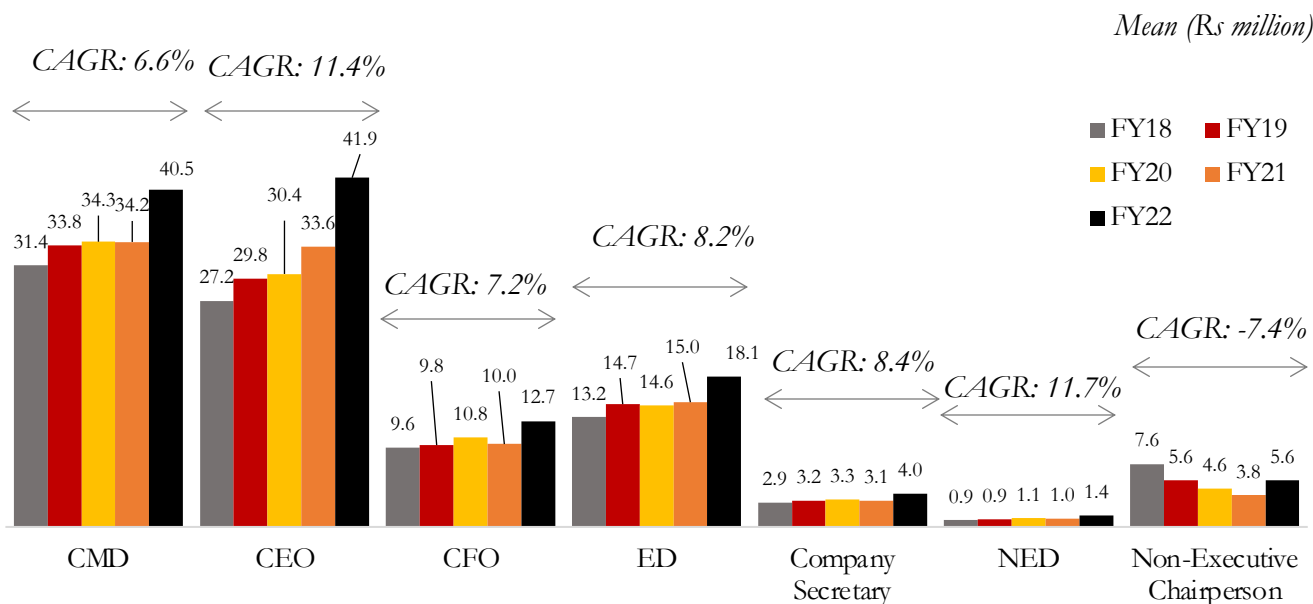
Rs million

	Mean	25 th Percentile	Median	75 th Percentile	90 th Percentile
CMD	8.04	6.21	7.61	9.51	12.94
CEO	9.33	3.24	4.48	10.98	17.09
CFO	7.93	4.74	6.28	9.14	13.62
ED	7.07	4.51	6.19	8.64	10.66
CS	3.93	2.25	3.62	5.18	7.04
NED	0.60	0.21	0.45	0.78	1.22
Non-Exe Chairman	0.63	0.08	0.23	0.54	2.40

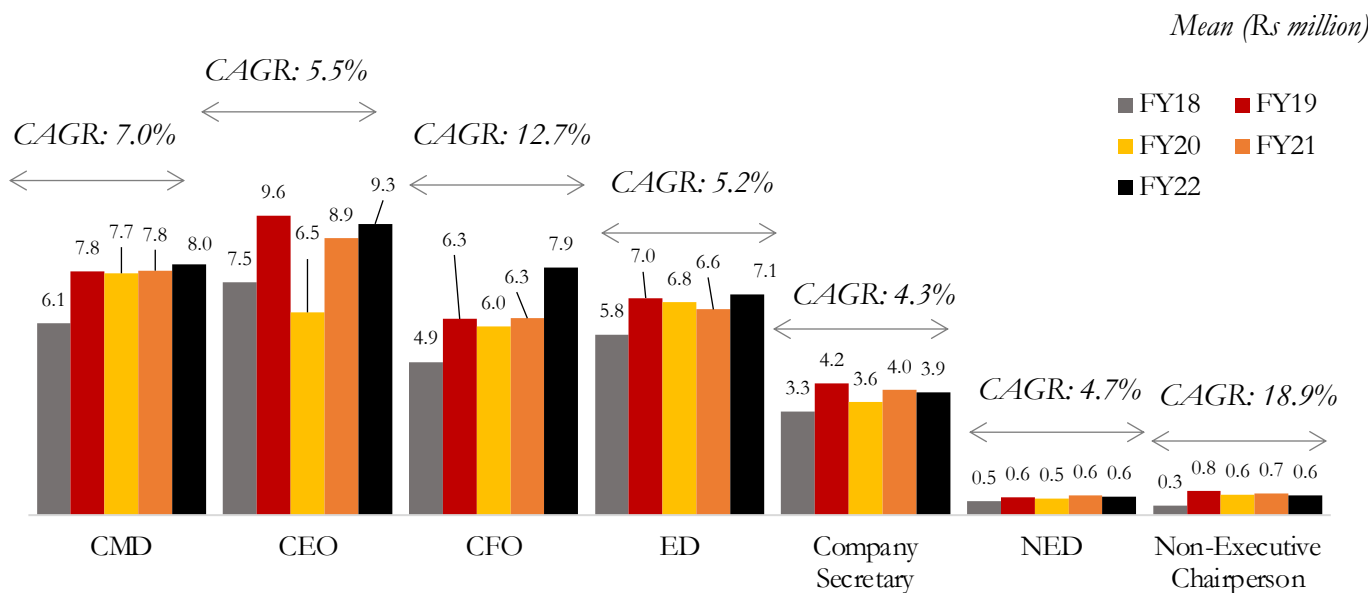
Total Pay by Level: FY18-22 Trend

- Private-sector CMD pay has risen from Rs 31.4 million in FY18 to Rs 40.5 million in FY22.
- CEOs on average received Rs 41.9 million in pay in FY22 – ~54% more than in FY18.
- Non-Exec Chairmen continues to see the greatest volatility in pay, but on average, their pay has *fallen* in the last five years, from Rs 7.6 million to Rs 5.6 million.
- For most positions, pay in the PSU world has grown marginally, though it remains low in absolute terms.

Private Sector



PSUs



Total Pay by Market Cap: FY22

Private Sector

- Across positions, pay tends to rise strongly with market capitalisation. The average NED at a large-cap earned 24 times more than those in micro-caps. The corresponding gap for CEOs and EDs was about 20x.
- In comparison, pay levels of CSs are slightly more 'equitable'.

Mean (Rs million)

	Mean	Large cap	Mid cap	Small cap	Micro cap	Unlisted
CMD	40.52	154.23	120.59	46.85	10.19	78.44
CEO	41.95	197.33	88.28	39.58	9.59	35.14
CFO	12.72	57.59	29.67	12.70	2.93	12.67
ED	18.07	87.58	46.05	16.96	4.33	19.11
Company Secretary	3.97	15.73	9.10	4.10	1.10	4.73
NED	1.37	5.67	3.47	1.12	0.23	1.49
Non-Executive Chairperson	5.57	17.48	15.50	3.75	1.04	6.84

PSUs

- In the PSU world, too, pay tends to rise with market-cap, across positions.
- However, the differences are much less stark. The average large-cap NED earns 'only' about 6.7 times as much as his/her counterpart in an unlisted PSU.

Mean (Rs million)

	Mean	Large cap	Mid cap	Small cap	Micro cap	Unlisted
CMD	8.04	9.19	8.10	7.99	4.52	8.00
CEO	9.33	3.37	7.14	11.91	10.59	7.24
CFO	7.93	10.90	10.21	5.19	3.74	8.99
ED	7.07	8.41	7.93	5.51	3.10	7.06
Company Secretary	3.93	4.45	5.99	2.65	2.88	4.06
NED	0.60	1.31	0.82	0.40	0.20	0.49
Non-Executive Chairperson	0.63	2.92	-	0.30	0.38	-

Total Pay by Revenue: FY22

Private Sector

Executive pay varies significantly by company size

- As with market-cap, there is a strong positive correlation between revenue and CXO pay, with the largest companies (>Rs 100 bn) paying multiple times as much as the smallest ones (Rs 0.5-2.5 bn).

Mean (Rs million)

	Mean	Rs 0.5-2.5bn	Rs 2.5-5.0bn	Rs 5-10bn	Rs 10-25bn	Rs 25-50bn	Rs 50-100bn	>Rs 100bn
CMD	40.52	9.04	13.59	25.57	44.11	82.56	125.61	202.69
CEO	41.95	10.48	20.43	28.43	41.65	59.57	102.28	142.36
CFO	12.72	3.38	6.58	9.80	13.74	19.13	28.66	51.73
ED	18.07	4.06	9.32	11.21	15.93	31.04	56.37	60.29
CS	3.97	1.28	1.86	3.40	4.26	6.56	7.58	17.70
NED	1.37	0.75	0.54	0.68	1.20	1.82	2.25	5.11
Non-Exec Chairman	5.57	1.51	0.99	1.51	4.84	8.48	23.28	10.24

PSUs

- Size matters in the PSU world as well, but again, the differences are less stark across categories than in the private sector.
- Unlike in the the private sector, PSU NEDs and Non-Exec Chairman get paid more, 9x and 7x times more, respectively than CMD and CEO in comparably sized companies.

Mean (Rs million)

	Mean	Rs 0.5-2.5bn	Rs 2.5-5.0bn	Rs 5-10bn	Rs 10-25bn	Rs 25-50bn	Rs 50-100bn	>Rs 100bn
CMD	8.04	2.75	5.91	7.45	7.31	9.56	7.43	8.54
CEO	9.33	3.96	11.18	22.35	23.90	8.01	5.60	5.90
CFO	7.93	3.96	4.59	4.69	5.38	6.18	5.54	10.36
ED	7.07	3.83	3.93	10.63	5.10	7.34	6.84	7.41
CS	3.93	1.72	2.19		2.70	3.43	3.06	5.21
NED	0.60	0.11	0.38	0.26	0.29	0.35	0.60	0.98
Non-Exec Chairman	0.63	0.38	1.46	0.22	0.38	0.23	0.08	2.92

Total Pay by Sector: FY22 (1/2)

Private Sector

- Compared to other sectors, IT & ITeS companies tend to offer the highest average pay packages to CEOs, by a significant distance.
- Average CMD pay is the highest in the resource-based sector while for Non-Exec Chairmen, pay is highest in the consumer goods sector.
- The highest-paid CFOs belong to the pharma sector.
- BFSIs offer the highest compensation of any sector to their EDs, NEDs and CSs.

Private Sector

Mean (Rs million)

	CMD	CEO	CFO	ED	CS	NED	Non-Exec Chairman
Overall	40.52	41.95	12.72	18.07	3.97	1.37	5.57
Automotive	52.42	60.88	15.42	17.43	5.20	1.28	5.32
Chemicals	34.30	33.15	10.08	15.49	3.13	0.99	10.95
Construction	40.75	43.16	15.14	24.10	3.09	1.13	5.10
Consumer goods	31.97	36.26	12.88	21.36	4.97	1.38	11.14
Industrials	37.72	23.29	8.49	13.08	2.51	0.72	1.39
Pharmaceuticals	36.64	63.13	18.99	23.04	4.40	1.45	7.58
Resource-Based	58.97	40.68	10.26	9.28	3.41	1.26	4.70
BFSI	43.13	41.51	17.86	29.41	5.89	2.84	3.61
General services	40.20	52.37	14.48	25.67	4.85	1.35	3.70
Healthcare	43.60	48.86	12.37	11.89	4.77	1.30	2.19
IT & ITeS	24.52	88.75	17.72	18.83	4.19	2.68	4.83

Total Pay by Sector: FY22 (2/2)

PSUs

- The PSUs in our sample operate in a handful of sectors, with limited or no presence in several areas.
- This makes it difficult to arrive at any conclusive cross-sector and designation-wise comparisons in pay.

PSUs

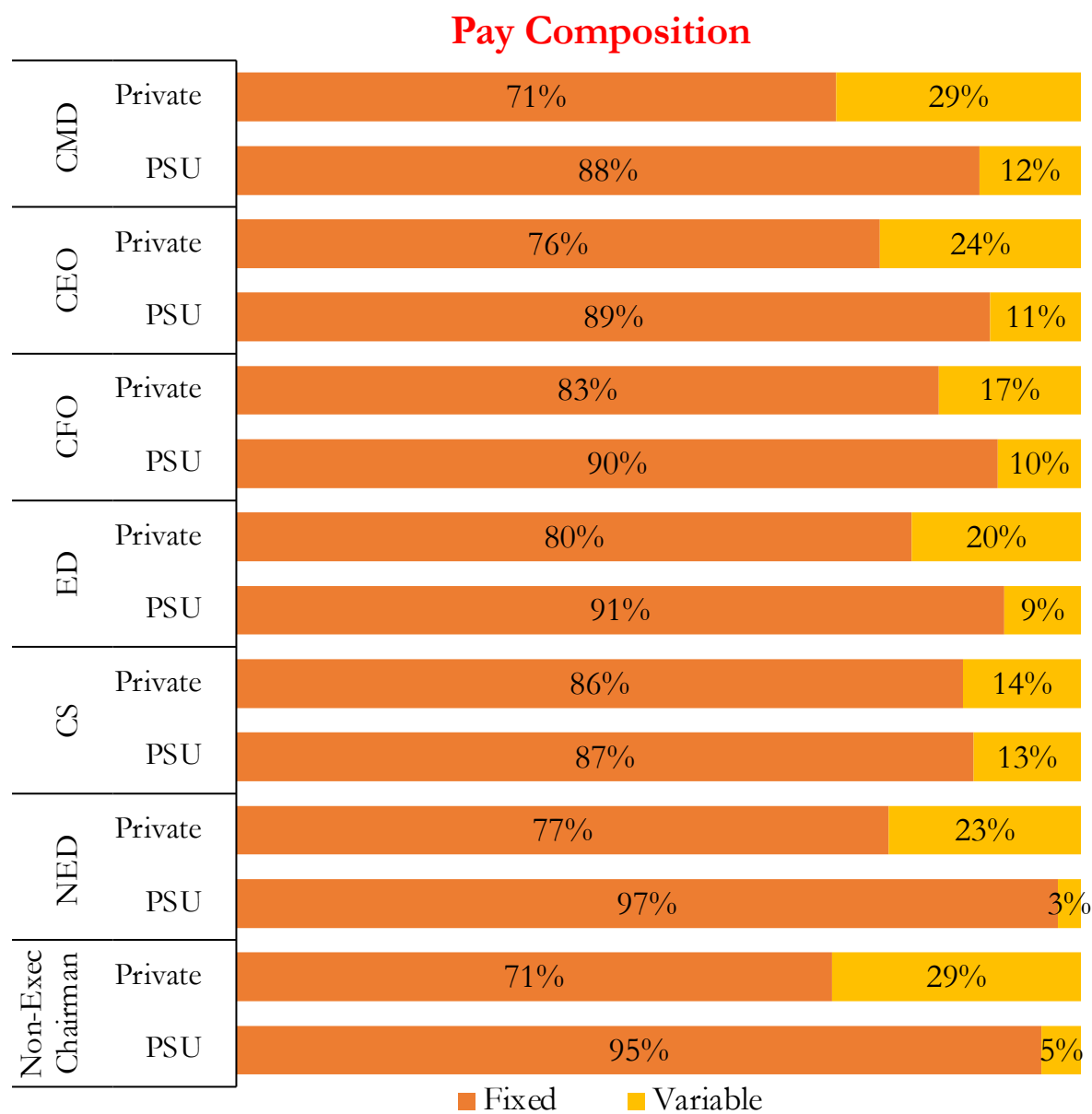
Mean (Rs million)

	CMD	CEO	CFO	ED	CS	NED	Non-Exec Chairman
Overall	8.04	9.33	7.93	7.07	3.93	0.60	0.63
Chemicals	-	22.35	-	14.51	-	0.19	0.14
Construction	8.05	7.54	8.61	10.44	4.26	0.46	0.15
Consumer goods	7.76	-	6.55	6.37	-	0.48	-
Industrials	4.50	-	-	-	-	0.06	-
Pharmaceuticals	6.66	4.92	4.97	6.44	3.08	0.45	-
Resource-Based	-	18.18	-	2.44	-	0.20	-
BFSI	9.22	9.43	9.35	8.19	4.24	0.61	0.35
General services	7.25	9.70	7.51	4.82	4.89	1.27	1.93
Healthcare	8.63	3.71	6.78	6.18	3.66	0.34	-
IT & ITeS	1.82	3.00	2.83	3.28	1.36	0.15	0.38
Healthcare	-	-	-	-	-	-	-

Pay Composition by Level: FY22

(1/2)

- Among private sector companies, CMDs receive a bigger share of their pay (29% on average) in the form of variable components than any other executive groups. CEOs follow, at 24%.
- CFOs and CSs receive just 17% and 14% in the form of variable pay, respectively.
- PSUs expectedly pay a much smaller share as variable – 3-13%.
- Non-Executive Chairmen on average receive 5-29% of their pay as variable.



Non-exec Chair PSU pay has not been captured because of low sample size.

Pay Composition by Level: FY22

(2/3)

- Bonus and commission accounted for 27% of private-sector CMD pay last year, significantly higher than that of CEOs.
- CFOs and CSs earned 75-82% of their pay as salary.
- PSU pay structures vary far less than those in the private sector and skew heavily towards the fixed-pay side.

Private Sector

% of total pay (mean)

	Fixed components						Variable components				Total
	Salary	PPF	Perks	Retire- ment benefits	Sitting Fee	Total Fixed	Bonus and/or Commis- sion	Stock options	Other pay	Total Variable	
CMD	58%	2%	8%	1%	1%	71%	27%	0%	1%	29%	100.0%
CEO	62%	2%	10%	1%	1%	76%	20%	1%	3%	24%	100.0%
CFO	75%	1%	5%	1%	1%	83%	7%	3%	7%	17%	100.0%
ED	66%	2%	10%	1%	1%	80%	16%	0%	3%	20%	100.0%
CS	82%	1%	3%	0%	1%	86%	2%	4%	7%	14%	100.0%

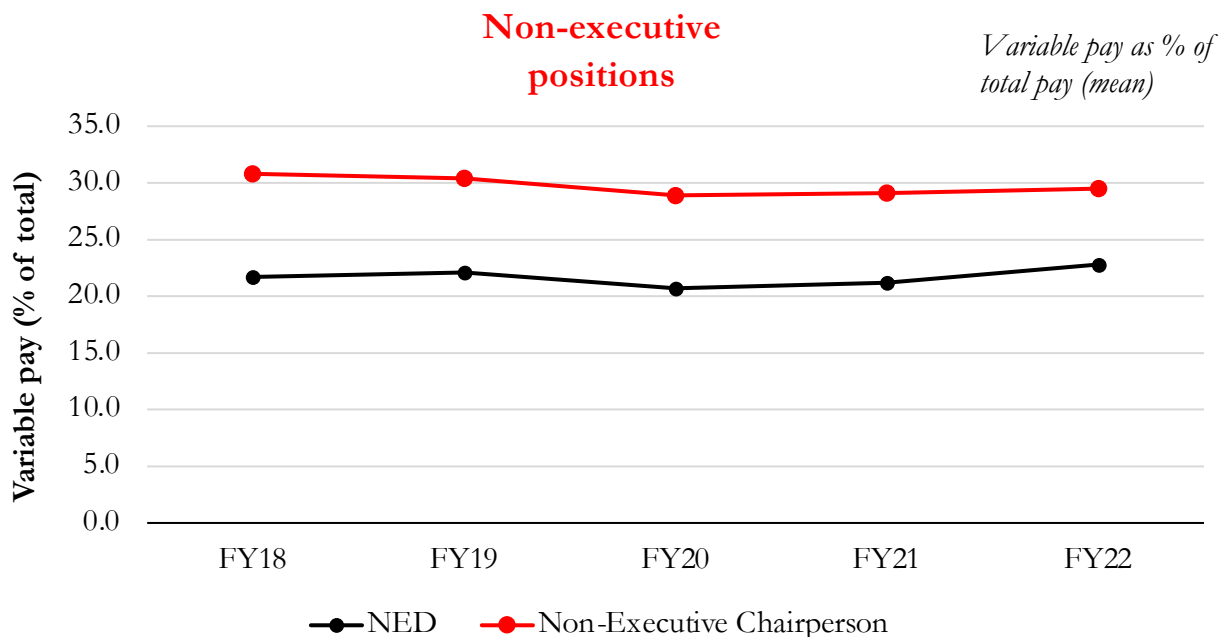
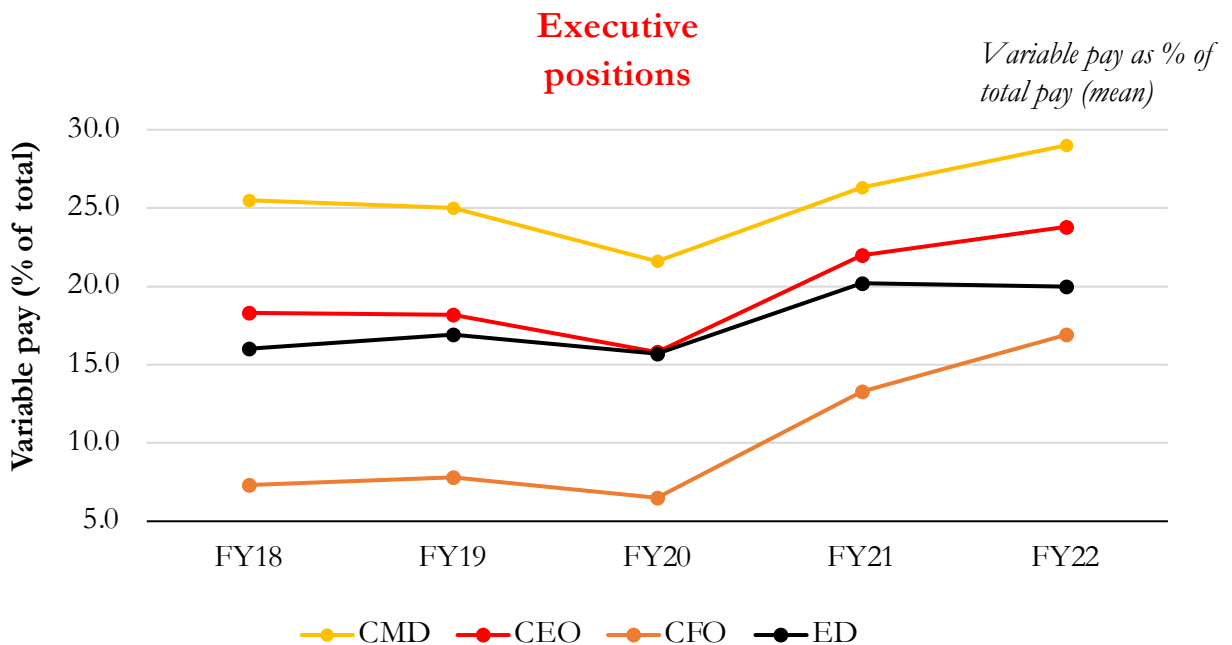
PSUs

% of total pay (mean)

	Fixed components						Variable components				Total
	Salary	PPF	Perks	Retire- ment benefits	Sitting Fee	Total Fixed	Bonus and/or Commis- sion	Stock options	Other pay	Total Variable	
CMD	1%	4%	8%	5%	1%	88%	8%	0%	4%	12%	100%
CEO	74%	3%	7%	5%	0%	89%	9%	0%	1%	11%	100%
CFO	72%	5%	8%	5%	0%	90%	6%	0%	4%	10%	100%
ED	71%	5%	9%	7%	0%	91%	7%	0%	2%	9%	100%
CS	75%	4%	3%	4%	0%	87%	4%	0%	9%	13%	100%

Pay Composition by Level: FY22 (3/3)

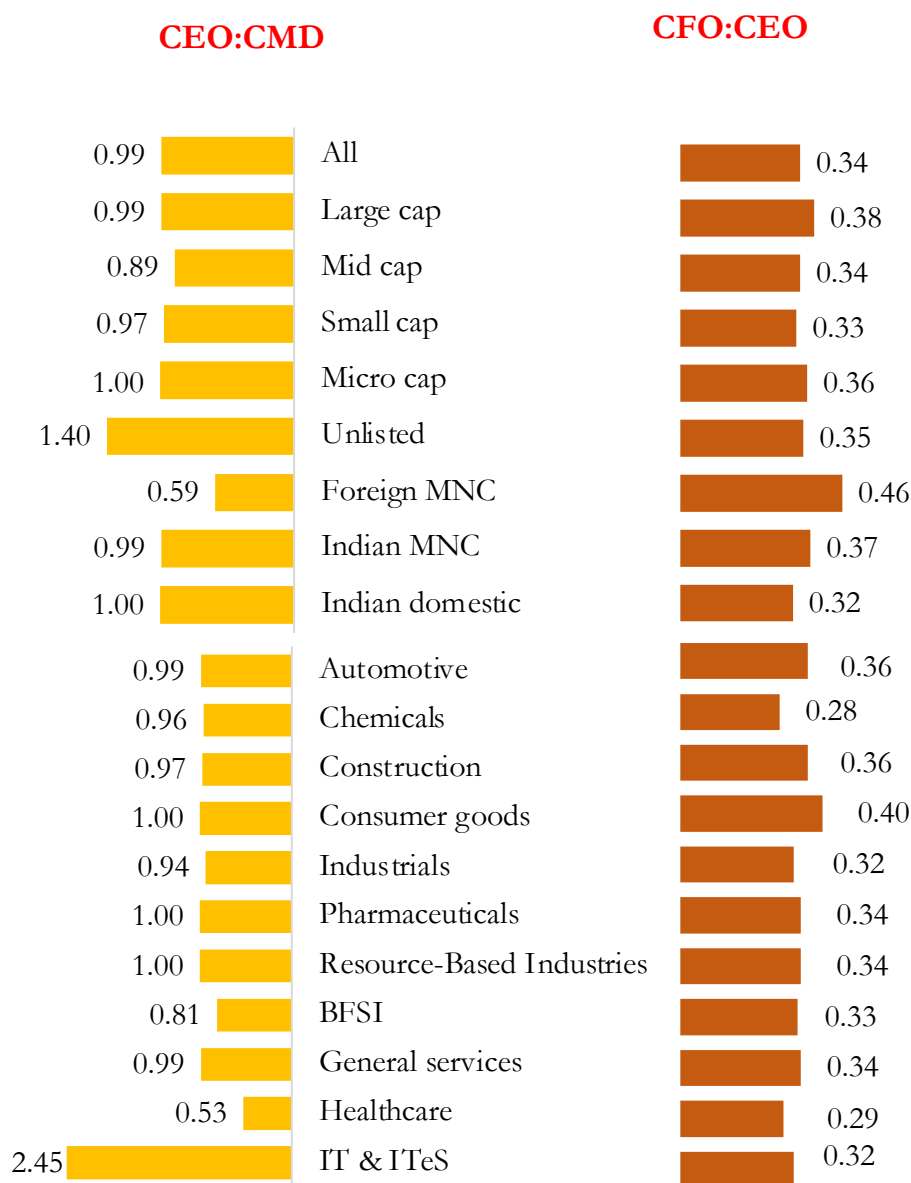
- Executive directors saw a sharp drop in variable pay as a share of total CTC between FY18 and FY20 while for non-exec positions, the fall was relatively mild.
- They witnessed a rebound in variable-pay ratios in the next two years and now exceed the previous highs. CFOs have seen the biggest relative increase.
- NEDs and Non-Exec Chairs earn about as much today as variable as they did in FY18.



Executive Pay Ratios: FY22

CEOs generally earn a bit less than CMDs, but ~3x as much as CFOs*

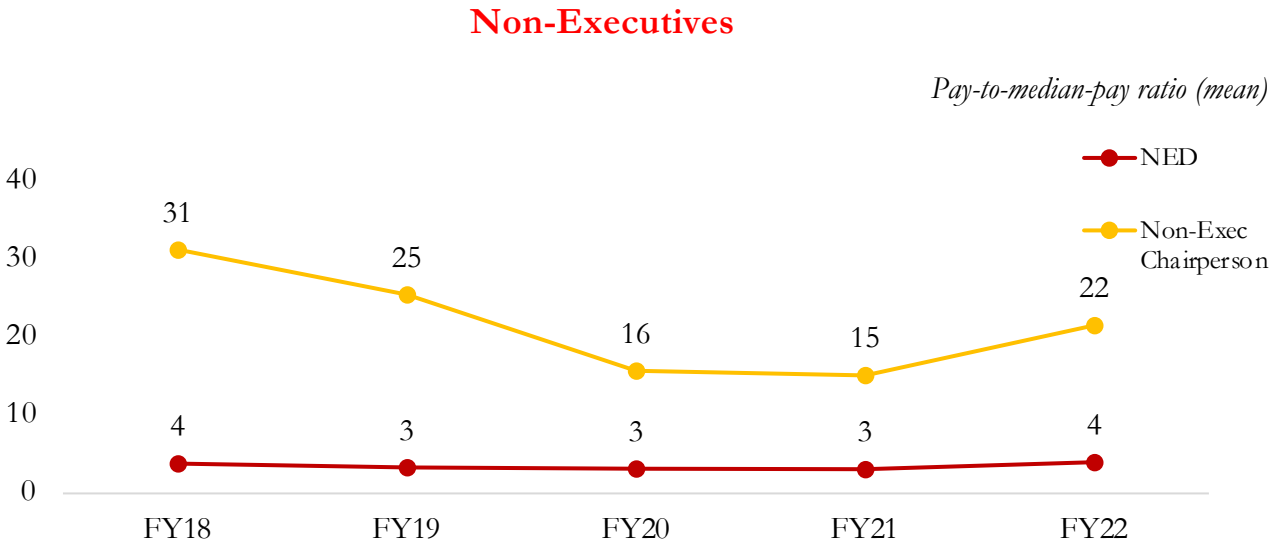
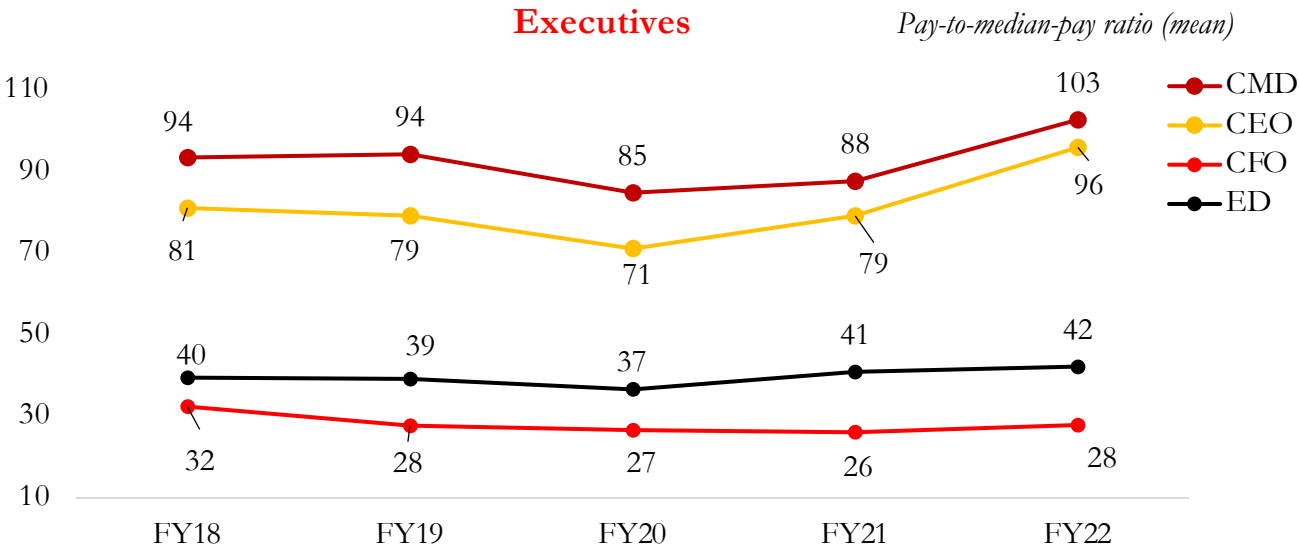
- With the exception of foreign MNCs (~40% less) and unlisted firms (40% more), CEO and CMD pay is broadly equal across companies by size and ownership.
- CFO pay is somewhat more stable as a share of CEO pay (32-46%) across types of companies.
- Sector-wise, there is significant variability. CEOs earn ~2.5 times what CMDs do in IT/ITeS companies; while they earn only about half as much as CMDs in the healthcare sector.
- CFO-to-CEO pay ratios vary less across sectors.



Pay ratios are calculated on a like-for-like basis, comparing average pay within each company across levels;
Resource-based industries

Pay Gaps: FY18-22 Trend

- The ratio of pay at each level to the pay of the average (or median) worker is a fair marker of ‘pay equality’ *within* organisations.
- Measured this way, pay gaps increased significantly in FY22, with a big jump for CEOs and CMDs following a dip in the previous two years. From 85x and 71x, respectively, in FY20, the average CMD and CEO today earns 103x and 96x what the median worker does.
- Non-Executive Chairmen have seen a steep increase, partly compensating for a big drop in previous years.
- In comparison, pay-to-median ratios have remained far more stable for other positions, including NEDs.



India's Highest Paid CMDs: FY22

- The highest paid CMD earned Rs 1,348 million in FY22 – almost ~8x more than the 25th ranked one.
- This group includes a mix of large– and mid-caps, with a smattering of small-caps.
- Sector-wise, resource-based industries and industrial companies dominate the list.

Rank	Name	Company	Total Pay (Rs mn)	Sector	Revenue (Rs billion)	Market Cap
1	Sajjan Jindal	JSW Steel	1348.00	1	Resource-Based Industries	>Rs 100bn
2	Chandrasekaran Natarajan	Tata Sons	1086.10	2	General services	>Rs 100bn
3	Manish Gupta	Gujarat Ambuja Exports	683.10	3	Resource-Based Industries	Rs 25-50bn
4	Naveen Jindal	Jindal Steel & Power	472.70	4	Resource-Based Industries	>Rs 100bn
5	Arvind M Poddar	Balkrishna Industries	455.39	5	Automotive	Rs 50-100bn
6	Paul Oswal	Vardhman Textiles	434.12	6	Chemicals	Rs 50-100bn
7	PR Venketrama Raja	Ramco Cements	422.71	7	Resource-Based Industries	Rs 50-100bn
8	Ashok Jaipuria	Cosmo First	382.77	8	Industrials	Rs 25-50bn
9	Jayadev Galla	Amara Raja Batteries	380.00	9	Automotive	Rs 50-100bn
10	Subhas Chandra Agarwalla	Maithan Alloys	285.20	10	Resource-Based Industries	Rs 25-50bn
11	Harsh Pati Singhania	JK Paper	281.40	11	Industrials	Rs 25-50bn
12	Anil Rai Gupta	Havells India	275.78	12	Consumer goods	>Rs 100bn
13	Krishna Prasad Chigurupati	Granules India	271.52	13	Pharmaceuticals	Rs 25-50bn
14	Venu Srinivasan	TVS Motor	269.30	14	Automotive	>Rs 100bn
15	Anil Gupta	Kei Industries	267.75	15	Industrials	Rs 50-100bn
16	KM Mammen	MRF	260.41	16	Automotive	>Rs 100bn
17	Prakash Chhabria	Finolex Industries	224.70	17	Industrials	Rs 50-100bn
18	Sanjiv Soshil Mehta	Hindustan Unilever	220.70	18	Consumer goods	>Rs 100bn
19	Sanjiv Bajaj	Bajaj Finserv	216.93	19	BFSI	Rs 5-10bn
20	Atul Bihari Lall	Dixon Technologies (India)	202.50	20	Consumer goods	Rs 50-100bn
21	George Jacob Muthoot	Muthoot Finance	199.97	21	BFSI	>Rs 100bn
22	Navin Agarwal	Vedanta	194.89	22	Resource-Based Industries	>Rs 100bn
23	Ravi Jhunjhunwala	HEG	182.76	23	Industrials	Rs 10-25bn
24	Baba Kalyani	Bharat Forge	178.58	24	Industrials	Rs 50-100bn
25	BN Singh	Alkem Laboratories	177.30	25	Pharmaceuticals	Rs 50-100bn

India's Highest Paid CEOs: FY22

- There are smaller differences between the top-paid and 25th-placed CEO, than among CMDs.
- The highest paid CEO earned 1104.1 million in FY22, almost 4x more than the 25th ranked one.
- Large caps, and general services companies, appear to be the biggest paymasters.

Rank	Name	Company	Total Pay (Rs mn)	Sector	Revenue (Rs billion)	Market Cap
1	Murali K Divi	Divi'S Laboratories	1104.10	1	Pharmaceuticals	Rs 50-100bn
2	Pawan Munjal	Hero Motocorp	843.50	2	Automotive	>Rs 100bn
3	Anand Kripalu	United Spirits	798.12	3	Consumer goods	>Rs 100bn
4	Thierry Delaporte	Wipro	798.09	4	IT & ITeS	>Rs 100bn
5	Salil Parekh	Infosys	710.24	5	General services	>Rs 100bn
6	Rajiv Kaul	CMS Info Systems	668.51	6	General services	Rs 10-25bn
7	Vinod Kumar Dasari	Eicher Motors	667.70	7	Automotive	>Rs 100bn
8	CP Gurnani	Tech Mahindra	627.00	8	IT & ITeS	>Rs 100bn
9	Sekharipuram Narayanan Subrahmanyam	Larsen & Toubro	612.70	9	Construction	>Rs 100bn
10	Naveen Chopra	Punjab Alkalies & Chemicals	577.30	10	Chemicals	Rs 2.5-5.0bn
11	HM Bangur	Shree Cement	511.57	11	Resource-Based Industries	>Rs 100bn
12	Sandeep Kalra	Persistent Systems	468.68	12	IT & ITeS	Rs 25-50bn
13	Satish Pai	Hindalco Industries	465.25	13	Resource-Based Industries	>Rs 100bn
14	Rajiv A Poddar	Balkrishna Industries	444.17	14	Automotive	Rs 50-100bn
15	Bharat Puri	Pidilite Industries	412.90	15	Chemicals	Rs 50-100bn
16	Puneet Goenka	Zee Entertainment Enterprises	411.05	16	General services	Rs 50-100bn
17	Sanjay Jalona	Larsen & Toubro Infotech	401.49	17	General services	>Rs 100bn
18	Sanjay Purohit	Sapphire Foods India	396.85	18	General services	Rs 10-25bn
19	Kiran S Divi	Divi'S Laboratories	376.70	19	Pharmaceuticals	Rs 50-100bn
20	Saugata Gupta	Marico	361.00	20	Consumer goods	Rs 50-100bn
21	Nitin Rakesh	Mphasis	351.40	21	IT & ITeS	Rs 50-100bn
22	Narinder Pal Singh	Sony Pictures Networks India	284.14	22	General services	Rs 50-100bn
23	Chirayu R Amin	Alembic Pharmaceuticals	280.00	23	Pharmaceuticals	Rs 50-100bn
24	Prashant Bangur	Shree Cement	279.93	24	Resource-Based Industries	>Rs 100bn
25	Sahil Barua	Delhivery	278.43	25	General services	Rs 50-100bn

India's Highest Paid CFOs: FY22

- The top-paid CFOs have the smallest variations between top and bottom.
- Large-cap companies, and construction and chemicals industries, offer the biggest packages.

Rank	Name	Company	Total Pay (Rs mn)	Sector	Revenue (Rs billion)	Market Cap
1	Ramamurthi Shankar Raman	Larsen & Toubro	286.20	1	Construction	>Rs 100bn
2	Srikanth Venkatachari	Reliance Industries	152.29	2	Chemicals	>Rs 100bn
3	Koushik Chatterjee	Tata Steel	151.72	3	Resource-Based Industries	>Rs 100bn
4	Rajesh Gupta	Havells India	145.24	4	Consumer goods	>Rs 100bn
5	Manish Dawar	Devyani International	128.70	5	General services	Rs 10-25bn
6	Vedanthachari Srinivasa Rangan	Housing Development Finance Corporation	128.30	6	BFSI	>Rs 100bn
7	PB Balaji	Tata Motors	127.30	7	Automotive	>Rs 100bn
8	Jatin Pravinchandra Dalal	Wipro	120.72	8	IT & ITeS	>Rs 100bn
9	Alok Agarwal	Reliance Industries	116.31	9	Chemicals	>Rs 100bn
10	S Sreenivasan	Bajaj Finserv	109.38	10	BFSI	Rs 5-10bn
11	Sudhanshu Agarwalla	Maithan Alloys	105.00	11	Resource-Based Industries	Rs 25-50bn
12	Sunil Sapre	Persistent Systems	90.21	12	IT & ITeS	Rs 25-50bn
13	Raman Chopra	GHCL	87.60	13	Chemicals	Rs 25-50bn
14	Abhishek Bansal	Just Dial	85.85	14	General services	Rs 5-10bn
15	Nilanjan Roy	Infosys	82.72	15	General services	>Rs 100bn
16	Gaurav Kumar	Apollo Tyres	81.73	16	Automotive	>Rs 100bn
17	Ramesh Swaminathan	Lupin	80.69	17	Pharmaceuticals	>Rs 100bn
18	Bharat Madan	Escorts Kubota	78.90	18	Industrials	Rs 50-100bn
19	VS Mani	Glenmark Pharmaceuticals	78.73	19	Pharmaceuticals	Rs 50-100bn
20	RK Baheti	Alembic Pharmaceuticals	78.10	20	Pharmaceuticals	Rs 50-100bn
21	Jugeshinder Singh	Adani Enterprises	77.34	21	Industrials	>Rs 100bn
22	Jaimin Bhatt	Kotak Mahindra Bank	76.51	22	BFSI	>Rs 100bn
23	Arvind Agarwal	F S N E-Commerce Ventures	75.20	23	General services	Rs 2.5-5.0bn
24	Rajeev Gupta	Kei Industries	73.99	24	Industrials	Rs 50-100bn
25	Ajay Aggarwal	Cyient	67.58	25	IT & ITeS	Rs 10-25bn

Pay Comparisons FY22: Size/Category

Remuneration is strongly correlated with company size and ownership.

- Large firms were the top paymasters in FY22, with a mean pay for CMDs and CEOs at Rs 154.2 million and Rs 197.3 million, respectively.
- Small-cap companies paid their CMDs and CEOs Rs 46.9 million and Rs 39.6 million, respectively.
- Indian MNCs pay more to their CMDs and CEOs than foreign MNCs and Indian domestic firms.
- In the public sector, the variance between small and large-cap companies is not as stark as in the private sector.

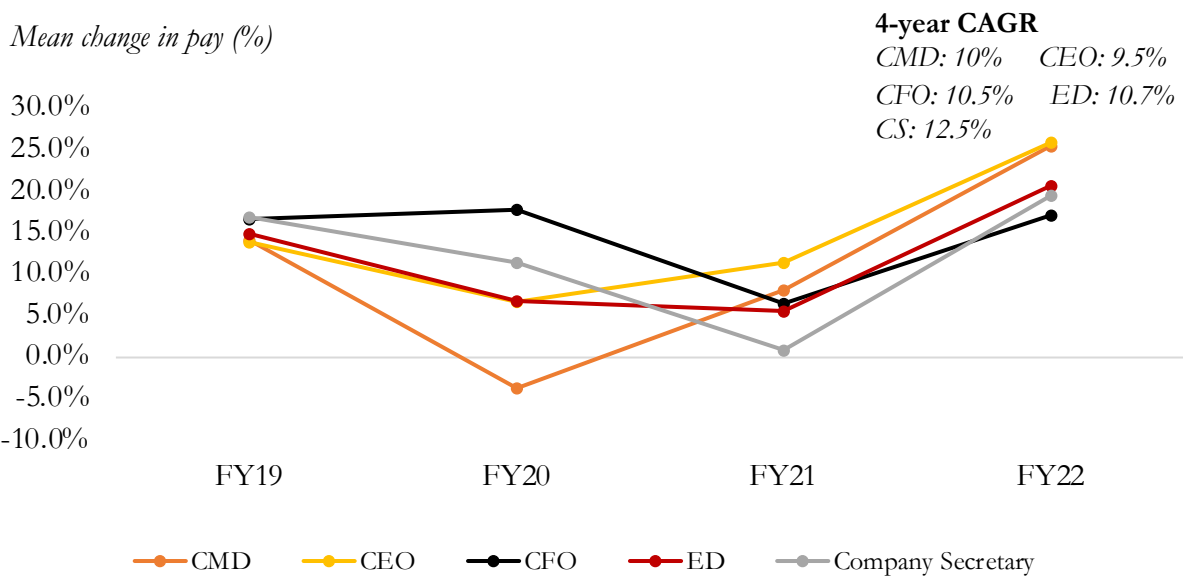
Mean (Rs million)

		Overall Mean	Large Cap	Mid Cap	Small Cap	Micro Cap	Unlisted	Foreign MNC	Indian MNC	Indian domestic
Private	CMD	40.52	154.23	120.59	46.85	10.19	78.44	45.67	74.75	30.51
	CEO	41.95	197.33	88.28	39.58	9.59	35.14	43.26	72.21	30.96
	CFO	12.72	57.59	29.67	12.70	2.93	12.67	17.69	27.13	8.17
	ED	18.07	87.58	46.05	16.96	4.33	19.11	21.01	33.66	13.07
	CS	3.97	15.73	9.10	4.10	1.10	4.73	6.23	8.52	2.48
	NED	1.37	5.67	3.47	1.12	0.23	1.49	1.68	2.35	0.95
	Non-Exec Chairman	5.57	17.48	15.50	3.75	1.04	6.84	3.41	11.25	3.02
PSU	CMD	8.04	9.19	8.10	7.99	4.52	8.00	-	9.93	7.79
	CEO	9.33	3.37	7.14	11.91	10.59	7.24	-	13.86	7.34
	CFO	7.93	10.90	10.21	5.19	3.74	8.99	-	7.93	7.93
	ED	7.07	8.41	7.93	5.51	3.10	7.06	-	4.73	7.38
	CS	3.93	4.45	5.99	2.65	2.88	4.06	-	2.62	4.01
	NED	0.60	1.31	0.82	0.40	0.20	0.49	-	0.65	0.59
	Non-Exec Chairman	0.63	2.92	-	0.30	0.38	-	-	1.39	0.46

Changes in Total Pay, FY18-22: Executive Positions

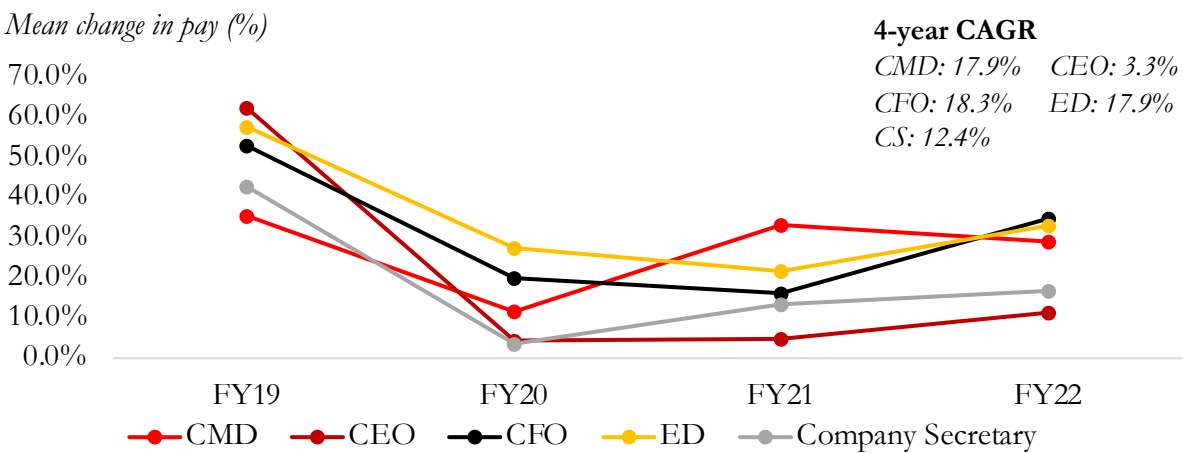
Private Sector

- YoY changes in pay accelerated for all positions in FY22, after slowing in the previous two years, in large part because of the pandemic’s impact on growth.
- Over the last five years, compensation has grown at a compounded annual growth rate ranging from 9.5% (CEO) to 12.5% (CS).



PSUs

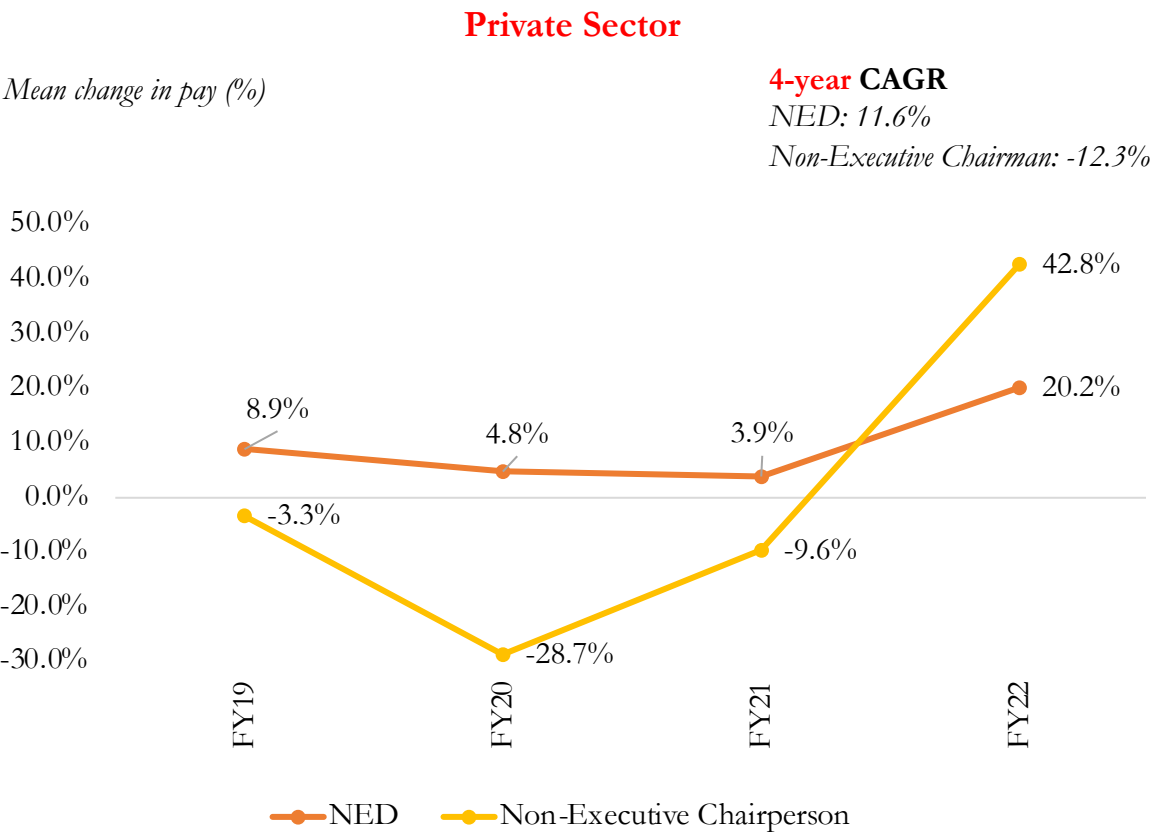
- Counter-intuitively, PSU pay tends to move around more sharply than in the private sector*. In FY20, all positions witnessed a substantial fall in pay, followed by a slight drop again in FY21 except for CMDs.
- Interestingly in FY22, pay rose for all positions except for CMD.



* This is mainly on account of low sample sizes; moreover, executives in PSU firms tend to have shorter tenures, reducing the number of like-for-like observations between years.

Changes in Total Pay, FY18-22: NEDs and Non-Executive Chairs

- In the last 5 years, private-sector NED pay has increased at an annualised 11.6%.
- In comparison, Non-Executive Chairmen on average have seen a sharp compounded, annualised pay decrease of 12.3%. This is mainly on account of a sharp reduction in pay in both FY20 and FY21.



Roadmap to the Report

Section 1: Board Governance Metrics

- Board size and Trends
- Number of NEDs
- Number of Independent Directors
- Share of IDs on Company Boards
- Board Independence
- Promoter Presence on the Board
- Number of Board Meetings
- What makes ESGs different?
- Cost of running a Board



Section 2: Executive and Non-Exec Directors' Compensation

- Total Pay by levels: FY22
- Pay Ranges: FY22
- Pay Trend: FY18-22
- Pay Comparisons FY22 by Revenue, Market Cap, Ownership, Company Age and Sector
- Pay Distribution by Level: FY22
- Pay Composition FY22
- Highest Paid CMDs, CEOs, CFOs
- Total Pay FY22 by Designation
- Change in Pay: FY18-22
- Pay vs Performance



Section 3: Gender Diversity & Equality

- Key Takeaways
- Male-Female Representation by Level
- Companies with no Female Representation
- Gender-wise Pay Split by Level
- Change in Pay FY18-22: Gender Split
- Female Pay Composition

Key Takeaways (1/2)

Women remain grossly under-represented in C-Suite and Board positions. Private and PSU Boards have 2 female Directors on average as opposed to 9 males. Only 5.7% of CMDs, 4.9% of CEOs and 6% of CFOs are women.

A large white circle containing the letters 'CXO' in bold black font, representing the C-Suite and Board positions.

CXO



Female representation is better at the NED, ED and CS levels, ranging from 15% to 34%. Over the last 5 years, there has also been a steep decline in the share of private companies with no female directors on the Board - indicating improvements in diversity.

Pay gaps exist across most positions in the private sector. Female CMDs get paid Rs 25.3 mn on average while their male counterparts get Rs 41.5 mn (a 64% gap). Male CSs and Non-Executive Chairmen earn twice as much as their female counterparts.



Key Takeaways (2/2)

Pay gaps falls to near-zero among CEOs and NEDs. Significantly, for most positions, male-female pay gaps fell sharply between FY18 and FY22.



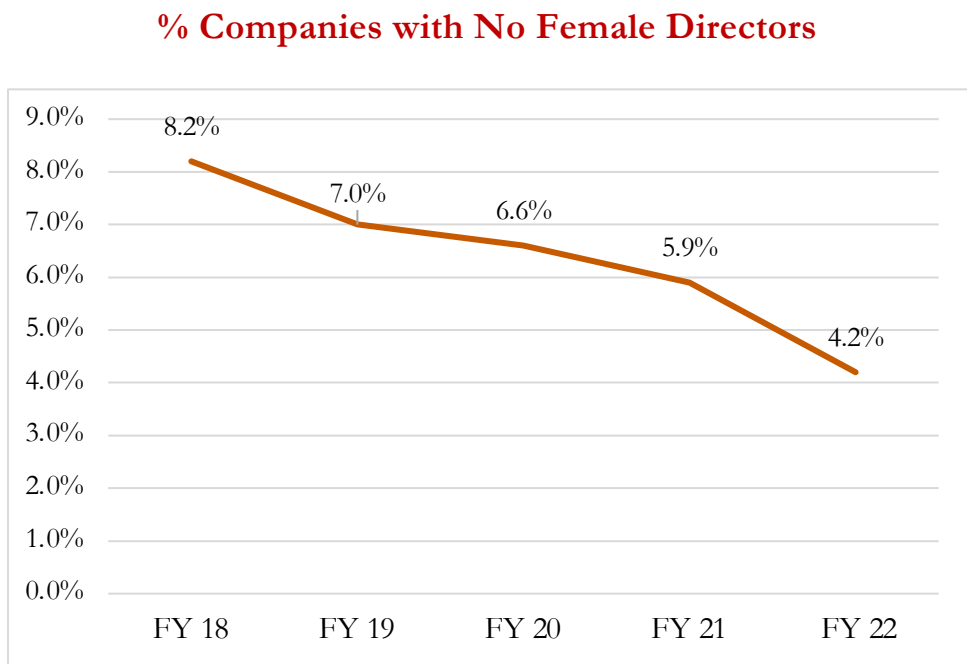
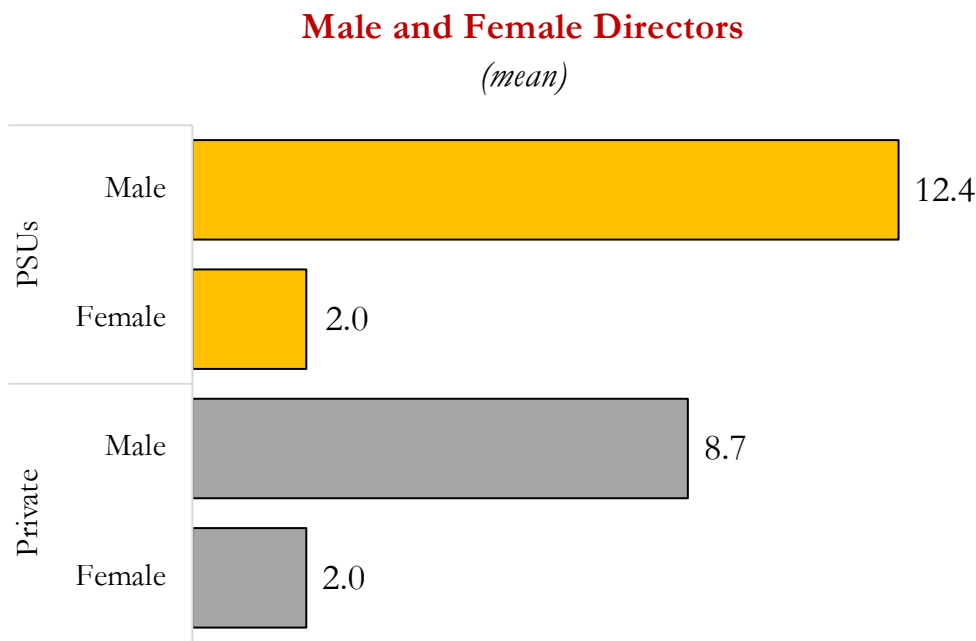
At the CFO level, the pay gap declined from 84% to 35%, while for NEDs, it came down from 13% to 0%. The only exception was at the ED level, where it rose from 1% to 19%.

Female Board members receive a higher share of pay as variable across positions. While the differences at the CMD and CS levels are negligible, for Non-Exec Chairs, female variable pay is 37% as opposed to 29% for males.



Gender Diversity: Poor Scores for India Inc. (1/2)

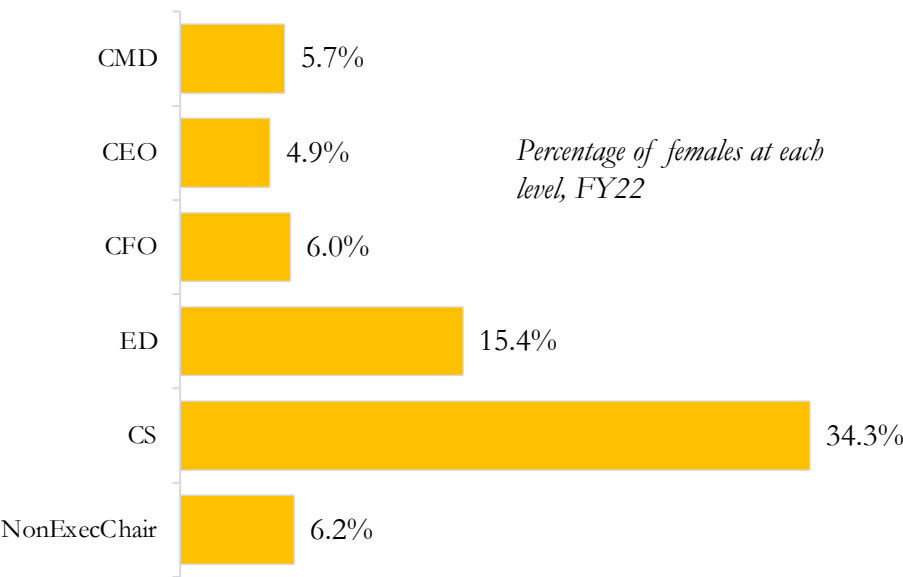
- On average, there are just 2 female Directors on company Boards, whether private-sector or PSU, compared to 9 males in private-sector companies and 12 in PSUs.
- However, over the last 5 years, there has been a steep fall in the number of companies with *no* female directors on the Board. This suggests that diversity is starting to receive some attention.



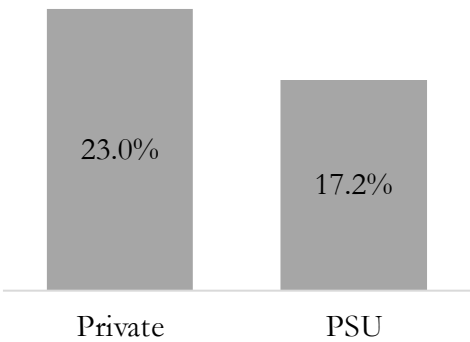
Gender Diversity: Poor Scores for India Inc. (2/2)

- Female representation is lowest at the CEO/MD, CFO and Non-Executive Chairman levels, and highest among NEDs and Company Secretaries.
- PSUs do worse than private-sector firms across all levels, except at CMD/CEO and Non-Executive Chairmen.

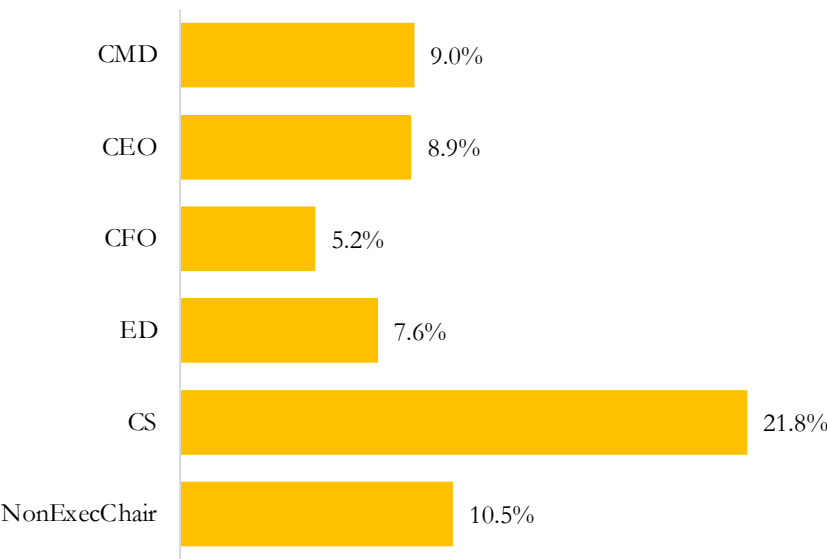
Private



NEDs



PSUs



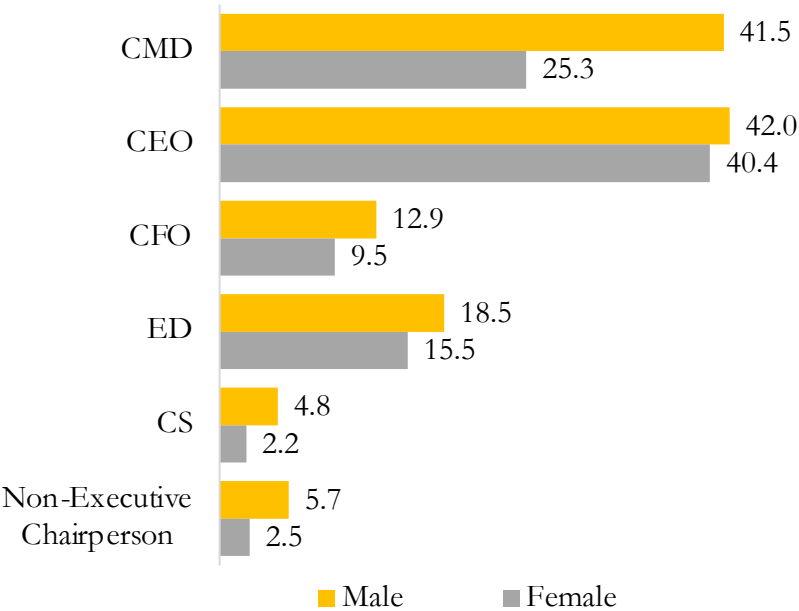
Total Pay FY22: Gender Split*

- Substantial gender-related pay gaps exist across designations in the private sector, with men earning more than twice as much as women in some positions.
- There are significant pay gaps in the PSU world as well. Men in CEO and CFO positions earn close to twice as much as their female peers.
- The CMD and ED for PSUs, and Non-Executive Director positions in both private and PSU firms are exceptions – the average woman earns either as much or more than the average man.
- Crucially, pay gaps in the private sector fell sharply across most positions between FY18 and FY22; the only exception was at the ED level, where it rose.

Executive Positions

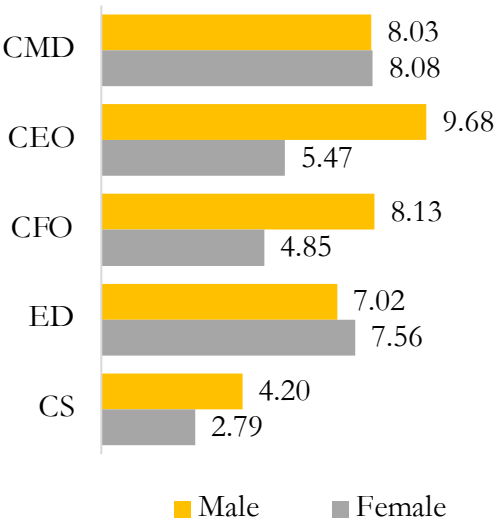
Private Sector

Mean (Rs million)



PSUs*

Mean (Rs million)

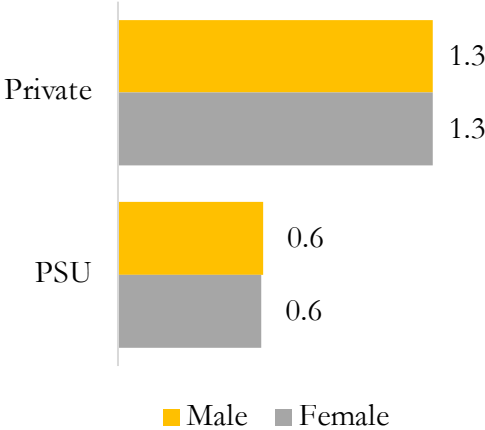


Male-female pay gaps (private sector, mean %)

	FY18	FY22
CMD	72%	64%
CEO	1%	4%
CFO	84%	35%
ED	1%	19%
CS	154%	115%
NED	13%	0%
Non-Exec Chair	165%	123%

NEDs

Mean (Rs million)



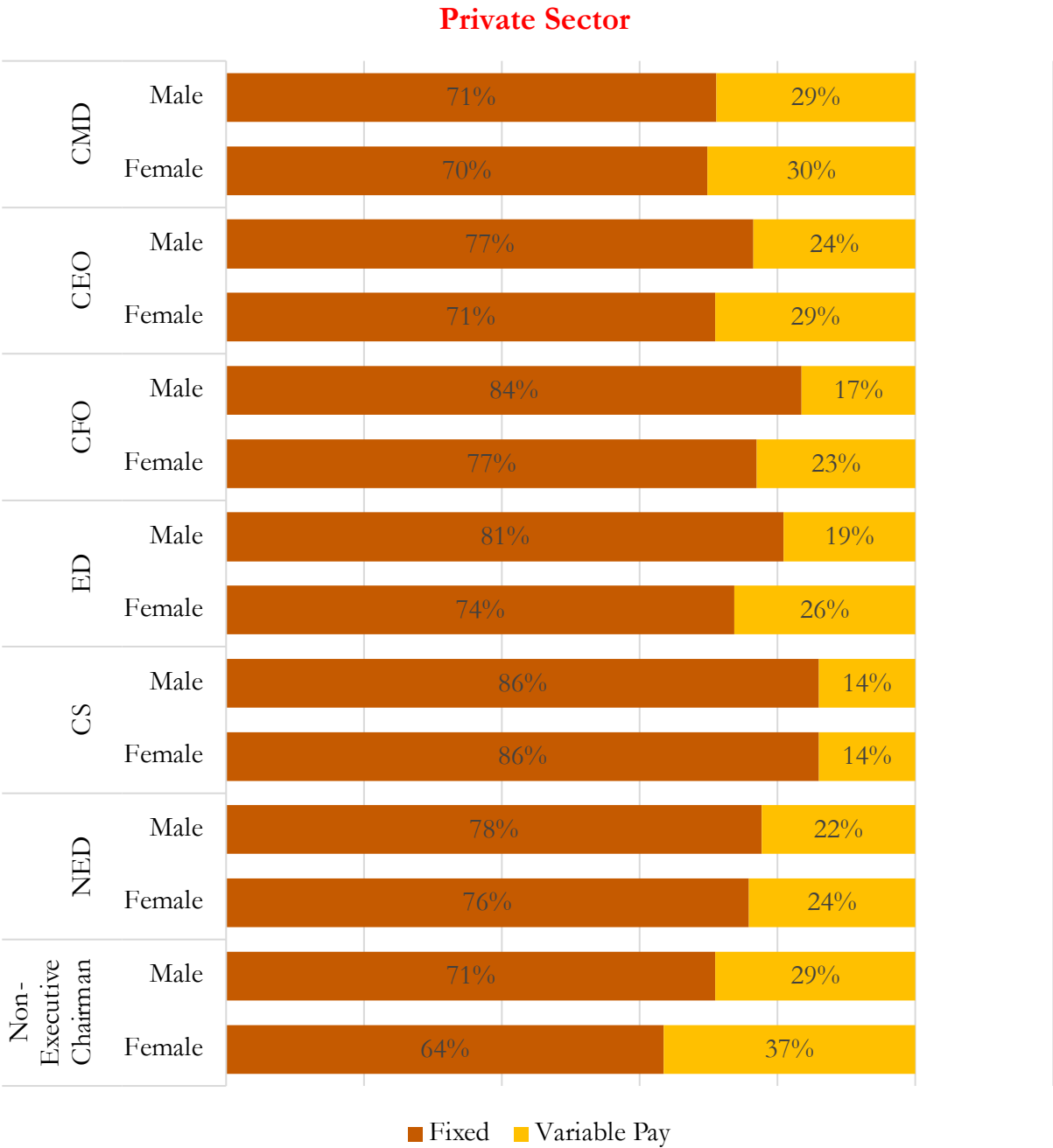
Male Female

* Low levels of gender diversity mean that statistically meaningful, like-for-like gender comparisons are not possible at all Executive/ Board levels. The results presented are for levels where there are adequate levels of female representation. For instance, In FY21, there was only 1 female CMD and 0 female CEOs and 1 female Non-Executive Chairperson among our sample of PSU firms, so these levels have been excluded from the analysis.

Pay Composition FY22: Gender Split*

Across several Board positions, females earn a greater share of their income in the form of variable pay

- The difference is marginal at the CMD and CS levels.
- However, it is far more significant among CEOs, CFOs, EDs and Non-Executive Chairmen.



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