

### CEO Pay: Sector Analysis (Pay Differential in key sectors)

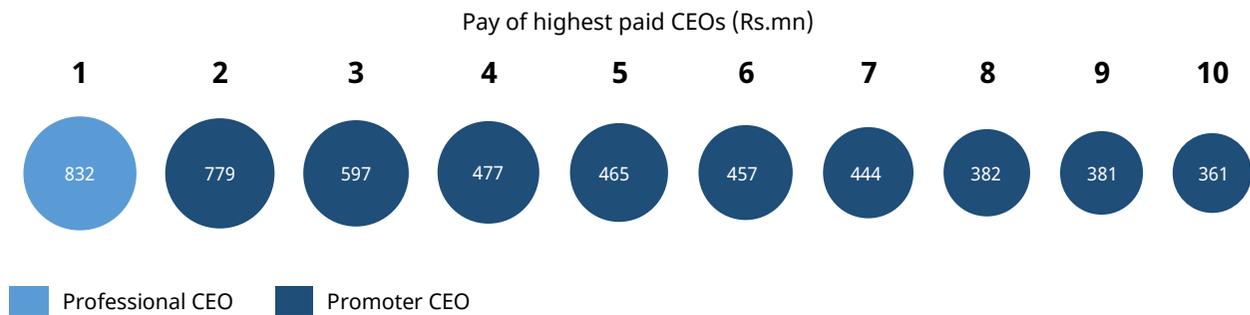
This is the time of the year when boards are called upon to fix pay levels of its members for the coming financial year. This series on CEO pay, compiled by IiAS using data from compAYre, IiAS' cloud-based pay-versus-performance tool, is aimed at sensitizing boards on the remuneration trends across the market, as a basis for determining appropriate pay structures. This last piece focusses on pay differential across key sectors.

Given the nature of their responsibilities, CEOs get paid higher than executive directors. However, in many of the key sectors, the CEO remuneration is more than twice of that of other executive directors. Further, promoter CEOs are paid much higher than their professional counterparts – even after accounting for stock option grants (which promoters are ineligible for). This pay differential is unjustifiable and needs corrective action from remuneration committees in the form of more equitable pay structures.

#### Remuneration data (S&P BSE 500, excluding PSU)

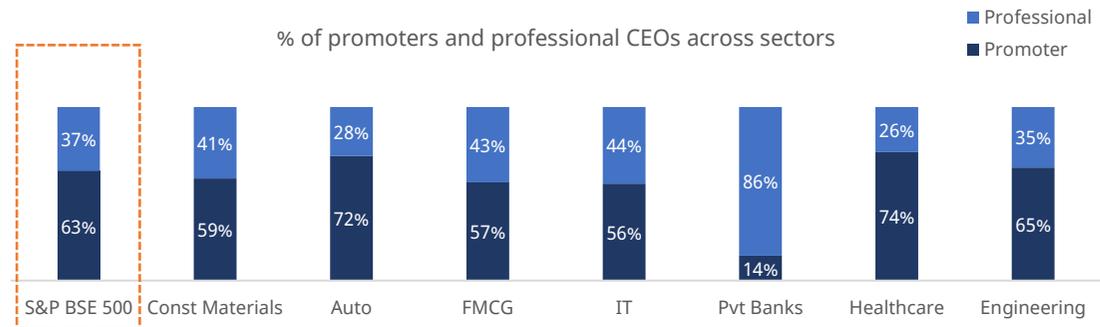
##### Highest paid CEOs

The remuneration of the top 10 highest paid CEOs aggregate to Rs.5.2 bn! Of these, only one CEO is a professional director: this is because of a lumpsum grant of ESOPs to him in FY17 and is not expected to be repeated each year. The figures highlight the pay differential for promoter family members and professionals.



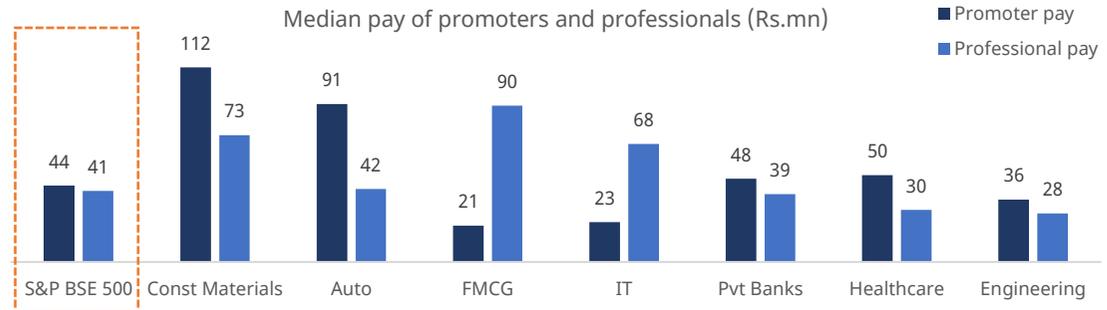
##### Number of promoter vs professional CEOs

Most sectors are characterized by very high promoter presence, with very few CEO positions being held by professional executives. The only notable exception is the private bank sector where more than 85% of the CEOs are professionals.



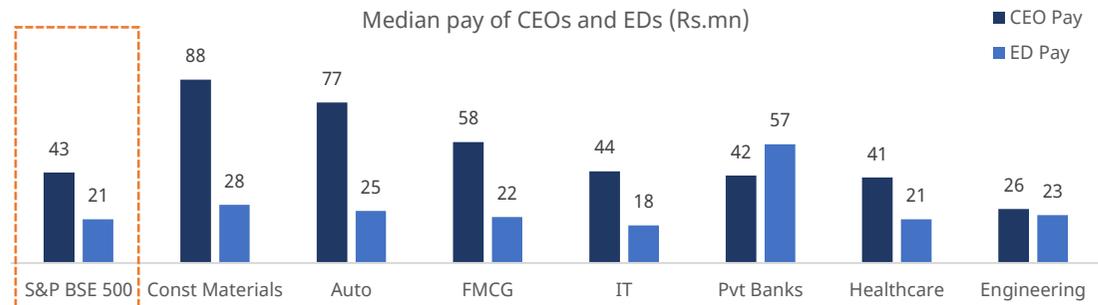
## Median pay of promoter vs professional CEOs

Barring a couple of sectors, we find that the pay for professional directors is lower than that of promoter directors. The difference is more pronounced in the manufacturing sectors as compared to the service sectors. In the IT and FMCG sectors, where firms have chosen to invest in professional leadership and where some companies have foreign ownership, the pay levels of professional CEOs are higher than those of promoter CEOs.



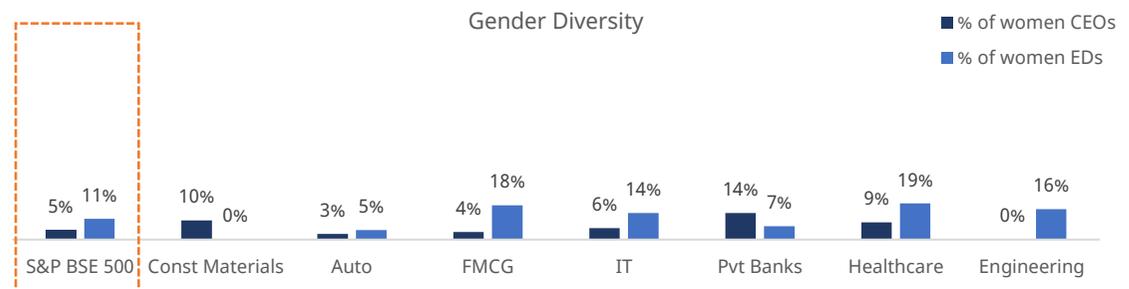
## Median pay levels by director category

For most industries, CEOs are getting paid much higher than that of other executive directors (EDs) on the board. In aggregate, in the S&P BSE 500 companies, the median CEO pay is more than twice as that of median ED pay.



## Gender wise roles

Representation from women at the CEO/ED level is very low with only 24 women CEOs in the S&P BSE 500.



### Disclosures:

- Data has been sourced from annual reports for the S&P BSE 500 companies and compiled using IiAS' proprietary pay analytics platform, comPAYre
- Data pertains to CY2016 or FY2016-17 (depending on financial year-end for respective companies)
- PSUs have been excluded from the analysis
- Fair value of stock options granted has been included while calculating overall pay

### About comPAYre:



**comPAYre**

IiAS' proprietary pay analytics platform, comPAYre gives access to historical remuneration and performance data for executive directors across the S&P BSE 500 companies.

A modified version of this report was published by Mint on 4 June 2018. You can read the earlier reports by clicking the links below:

Part 1: [Indian CEO salaries outpace performance](#)

Part 2: [Bridging the pay gap](#)

Part 3: [CEO Pay Sector Analysis: Private Banks](#)

Part 4: [CEO Pay Sector Analysis: Automobiles](#)

Part 5: [CEO Pay Sector Analysis: Healthcare](#)

Part 6: [CEO Pay Sector Analysis: IT](#)

Part 7: [CEO Pay Sector Analysis: FMCG](#)

Part 8: [CEO Pay Sector Analysis: Construction Materials](#)

Part 9: [CEO Pay Sector Analysis: Engineering](#)

Part 10: [CEO Pay Sector Analysis: Key Sectors](#)

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