

## MINT GRAPHITI

# Median remuneration in IT broadly in line with market



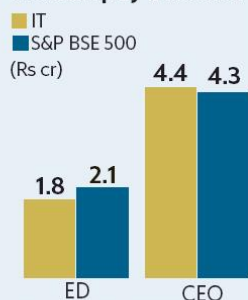
CEO PAY

The remuneration levels in the IT sector are moderate. While a fourth of the CEOs draw a remuneration of Rs10 crore or more, the overall median pay in the sector is broadly in line with the market. Further, the ratio of CEO-pay to median employee pay, at 62x, is among the lowest across sectors. Unlike in the other sectors, professional CEOs in the industry draw a much higher remuneration than promoter CEOs. This can be partially attributed to the fact that many IT firms in India have chosen to invest in professional leadership. Given their vast geographic footprint, these firms need to benchmark their CEO salaries to global peers—something that has driven up salaries even at a time when profits have been suppressed. While attracting top talent will continue to remain critical, boards need to ensure that the CEO-pay to median employee salaries remain in a tight range.



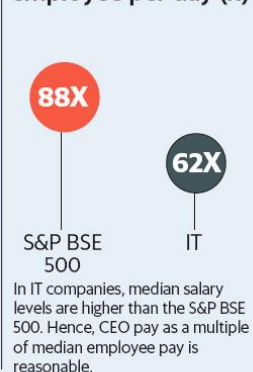
## REMUNERATION DATA FOR THE IT SECTOR

### Median pay in sector



The median remuneration in the sector is aligned with the S&P BSE 500. But, there is a wide disparity in the pay for CEOs and that of other EDs.

### CEO pay to median employee per day (x)



### Pay levels of 5 highest paid CEOs in sector (in Rs cr)



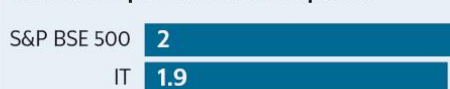
25% of CEOs in the sector were paid more than Rs10 crore in FY17.

### Fixed versus variable Pay



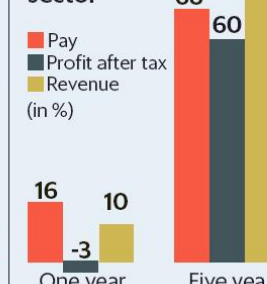
There is a higher mix of variable pay for CEOs in the IT sector on account of ESOPs.

### Board compensation as % of profits



The aggregate board compensation, as a % of net profits, is marginally lower than the rest of the market.

### CEO pay growth in sector



The IT Sectors CEO pay levels have grown at a faster pace than profits over the last five years.

### Number of promoter versus professional CEOs in the sector



The sector has a balanced representation from promoter family members and professional CEOs.

### Median pay of promoter versus professional CEOs in the sector (in Rs cr)



Surprisingly, the pay for professional CEOs in the sector is significantly higher than that of promoter CEOs.

### Gender diversity (in %) Number of women



Like the rest of the market, women representation in the sector is poor - there are a total of 8 women executive directors (out of 62) in the sector

### Disclosures:

- ▶ Data has been sourced from annual reports for the S&P BSE 500 companies and compiled using IAS' 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
- ▶ The pay growth chart pertains only to directors who have been on the board for the past five years

Source: Institutional Investor Advisory Services

AJAY NEGI/MINT

This is the **sixth** of a multi-part series on CEO pay compiled for Mint using IAS' proprietary pay analytics platform, comPAYre. This piece is focused on pay levels in the **Information Technology (IT)** sector.