

CEO posts in healthcare dominated by family members



CEO PAY

The median CEO pay in the healthcare sector is aligned with that of S&P BSE 500 companies. However, in specific pockets, there are a few worrying trends—more than a fourth of the CEOs draw a remuneration of more than Rs10 crore; CEO pay as a multiple of employee pay is more than 100 times; and the lack of gender pay equality. Further, the sector is dominated by promoter family presence—around 33% of companies have four or more executive directors from the family on their boards and around 74% of the CEO positions are being held by family members.

SECTOR PROFILE	No. of companies in S&P BSE 500	Total market cap (Rs trillion)
	45	7.3
In FY17 (Rs trillion)	Revenues 2.08	Profits after tax 0.28



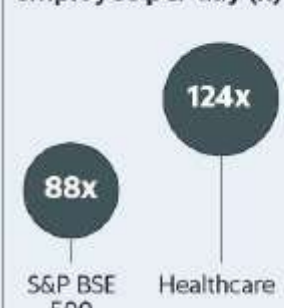
REMUNERATION DATA FOR THE HEALTHCARE SECTOR

Median pay in sector



The median remuneration in the sector is significantly 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)



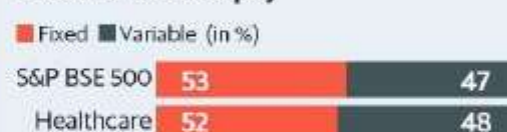
The CEOs in the sector draw remuneration amounting to more than 100 times of that of the median employee pay.

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



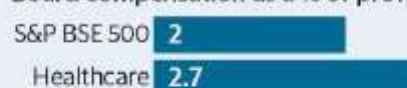
Almost 25% of the CEOs in the sector were paid more than Rs10 cr in FY17.

Fixed vs variable pay



The pay mix in the sector is similar to that of the market. Only two CEOs in the sector were granted ESOPs in FY17.

Board compensation as a % of profits



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

CEO pay growth in sector



In the sector, the CEO pay levels in the last five years have broadly been aligned to performance.

Number of promoter vs professional CEOs in the sector



There is high promoter presence in the sector with around 74% of the CEO posts being held by promoters.

Median pay of promoter vs professional CEOs in the sector (in Rs crore)



The pay for professional CEOs in the sector is significantly less than that of promoter CEOs.

Gender mix in the sector (in %)



Women representation in the sector is better than the overall market—there are a total of 21 women executive directors in the sector.

Median pay (in crore)



This is the fifth in a multi-part series on CEO pay compiled for Mint using IAS' proprietary pay analytics platform, comPAYre. This part is focused on pay levels in the Healthcare sector, which includes pharmaceutical companies and healthcare providers.

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