

THE **2021** EXECUTIVE & BOARD REMUNERATION REPORT



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

Featuring substantial enhancements and additions to the 2020 edition

A STUDY OF TRENDS IN BOARD COMPENSATION AND PAY STRUCTURE

The **2021 Executive and Board Remuneration Report** analyses compensation trends for Directors on the Boards of listed and unlisted companies in India. This edition covers 2,898 companies and 25,583 Directors in its analysis. The report covers the following areas:

Board Governance Metrics



Board size and trends • number of IDs and NEDs • share of IDs on Company Boards • Board independence • promoter presence on the Board • total Board pay bill • number of Board meetings held each year • what makes ESG different?

Executive Directors' Compensation



Compensation trends for Executive Directors from FY17-21 • total pay (means, medians, and other percentiles) by designation and ranges • pay composition; change in pay FY18-21 • list of highest paid CMDs, CEO and CFOs • correlation between pay vs performance.

Non-Executive Directors' Compensation



NED and Non-Executive Chairman pay trends • composition and splits by revenue, profit, company age, ownership, market cap, sector.

Gender Diversity and Equality



Male vs female representation across executive levels • company with no female representation • gender-wise pay split by level • changes in pay FY18-21 • female pay composition.

DETAILED PEER COMPARISONS & CROSS TABULATION



2,898 listed and unlisted companies studied



5 years of compensation trends



6 top Exec and NED positions covered



25,583 Executives/Directors reviewed



11 sectors analysed



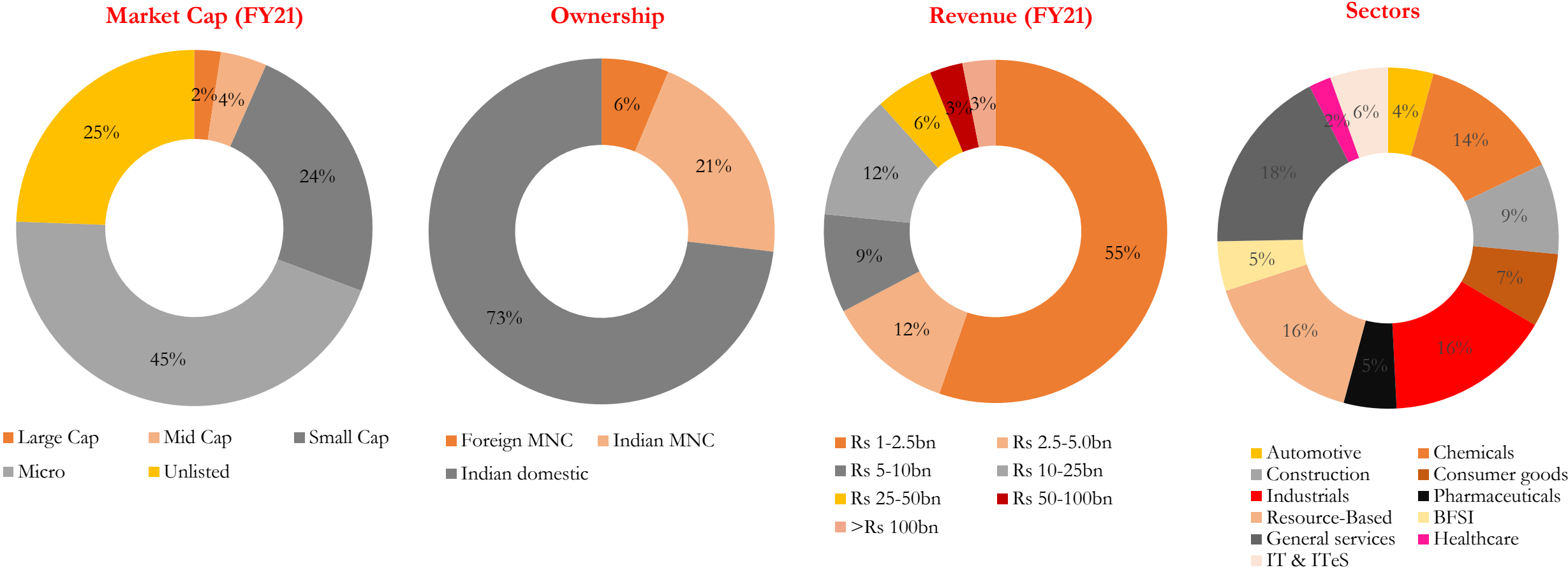
7-way Cross tabulation

In addition to sector, revenue, profits and ownership splits, detailed cross-tabulations are made on the basis of the following parameters:

- **Designation:** CMD, CEO, CFO, CS, NED and Non-Exec Chairman
- **Market cap:** Large cap, mid cap, small cap, micro cap and unlisted companies
- **Company Age group:** <Pre liberalisation (<1991); Liberalisation to GFC (1991-2007); Post GFC (2008 and after)
- **Gender:** Male vs female
- **Environmental, social and governance (ESG) criteria:** Large and mid cap ESG companies

The report is based on latest data (FY21) that is 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.

IN-DEPTH COVERAGE ACROSS SECTORS, OWNERSHIP LEVELS AND MORE



Other parameters include: company age, private vs PSU and PAT split

ENABLING CXOs WITH THOUGHT PROVOKING INSIGHTS

The **180+ page report** helps to:

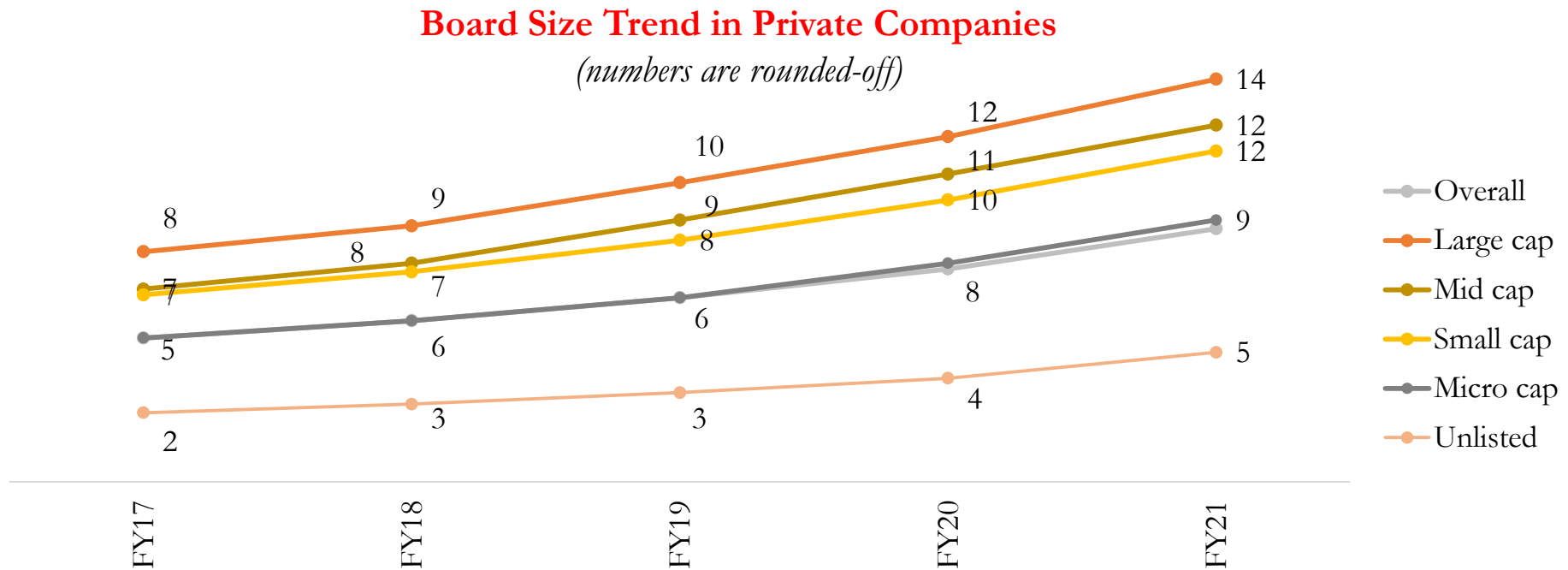
- ✓ **Identify** trends in top-executive and Board-level pay
- ✓ **Understand** the composition of Boards across India
- ✓ **Establish** benchmarks for compensation to Directors based on leading industry practices and detailed peer comparisons
- ✓ **Determine** correlations between pay and performance
- ✓ **Recognise** gender pay gaps across executive levels



HIGHLIGHTS AND KEY FINDINGS FROM THE REPORT

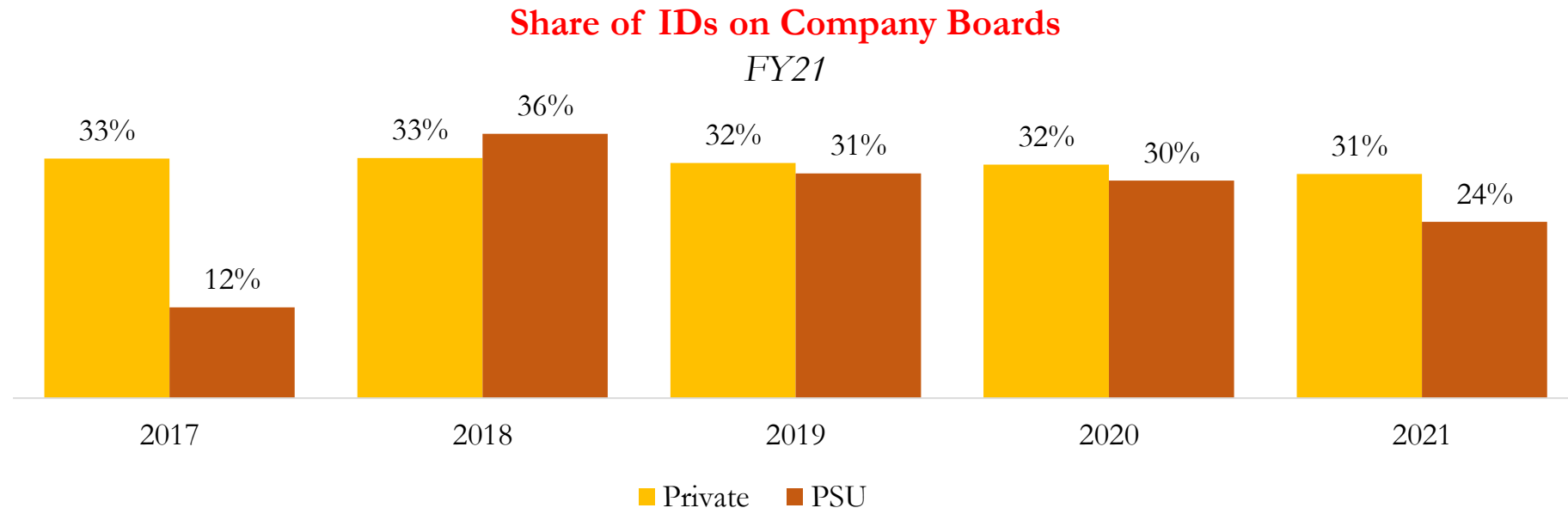
BOARD SIZE TREND

- Board size strongly correlates with company size.
- In the case of private companies, Board size has remained largely the same over the years.
- The size of Boards in private companies has seen a steep rise in the last five years which is indicative of greater emphasis on corporate governance.



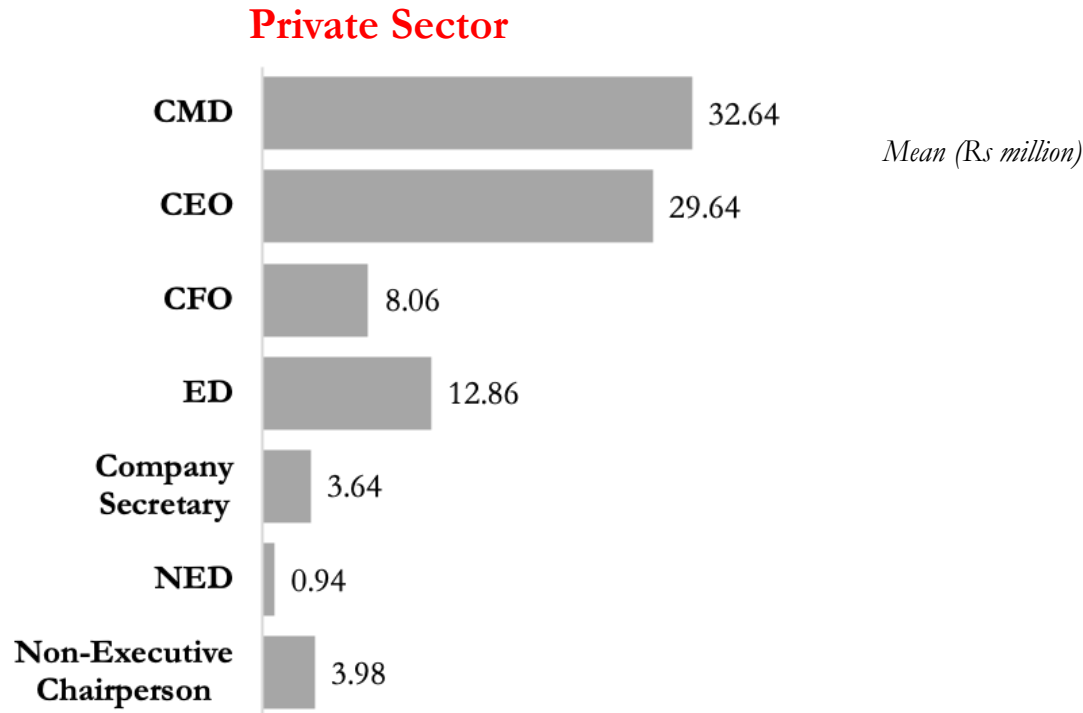
NUMBER OF INDEPENDENT DIRECTORS

- Despite bigger Boards in PSUs, their share of IDs remain less compared to private companies.
- The ratio of IDs to total Board size has edged down mildly in the last 5 years, from 33% to 31%. Among PSUs, it has tended to move around sharply.
- Foreign MNCs have the lowest percentage of IDs on their Boards amongst all categories of firms.



TOTAL PAY

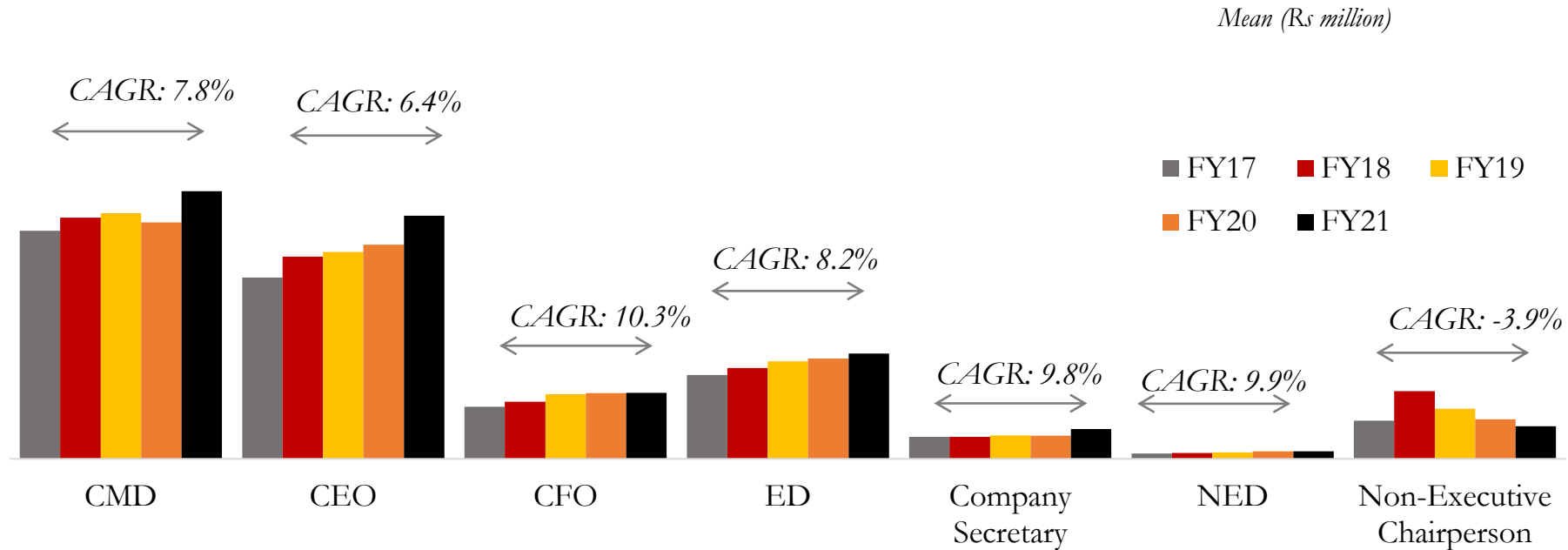
- In FY21, the average private sector CMD received Rs 32.6 million in compensation.
- The average CEO earned ~90% of that amount, or Rs 29.6 million.
- CFOs made Rs 8 million – ~27% of what CEOs earned and ~40% less than EDs.
- Company secretaries earned Rs 3.6 million, NEDs Rs 0.9 million, and Non-Exec Chairs, Rs 3.9 million.



CHANGE IN PAY

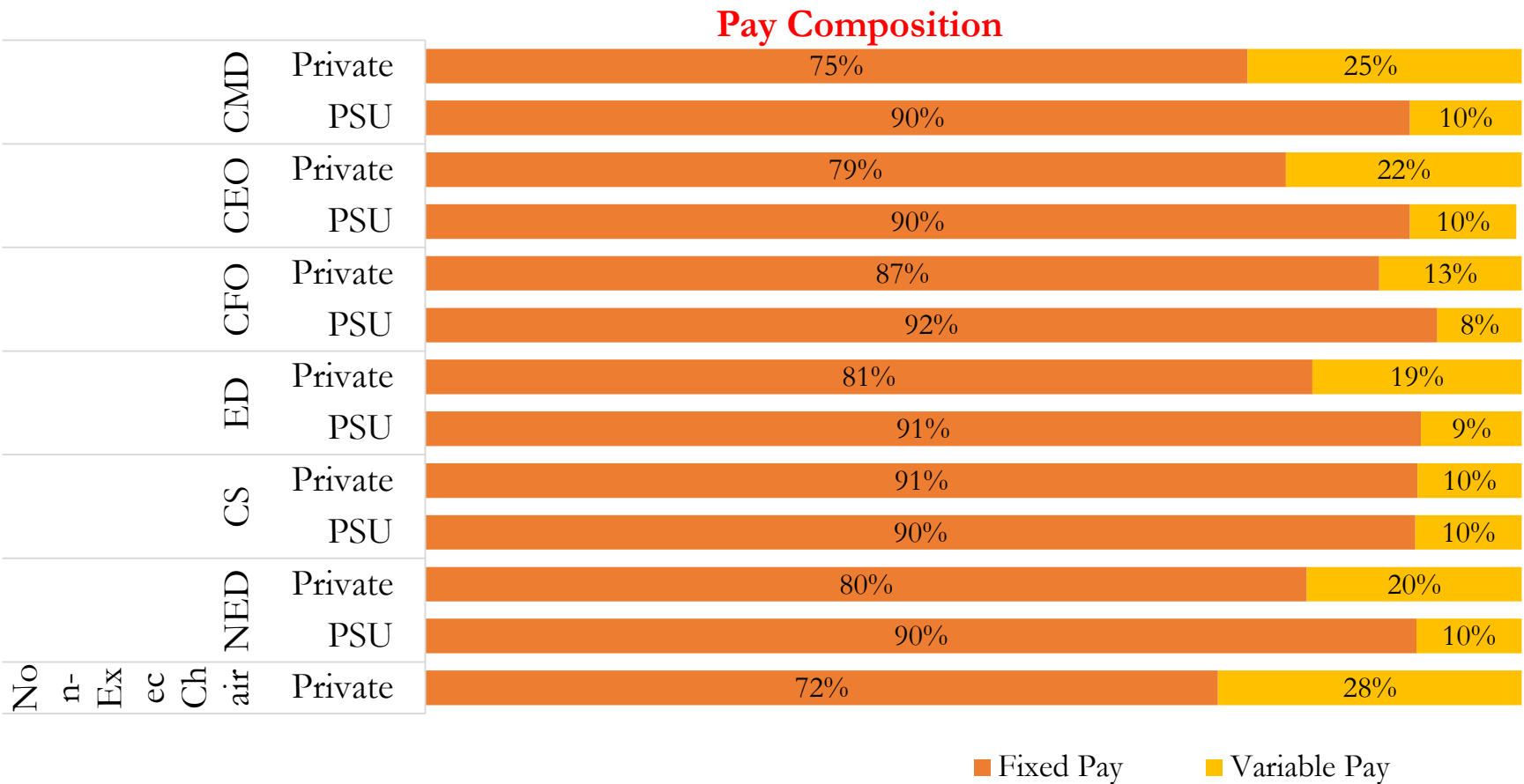
- Non-Exec Chairmen have seen the greatest volatility in pay, but on average, their pay has *fallen* in the last five years.
- CEOs on average received Rs 30 million in pay in FY21 – ~25% higher than in FY17.

Private Sector



PAY COMPOSITION FY21

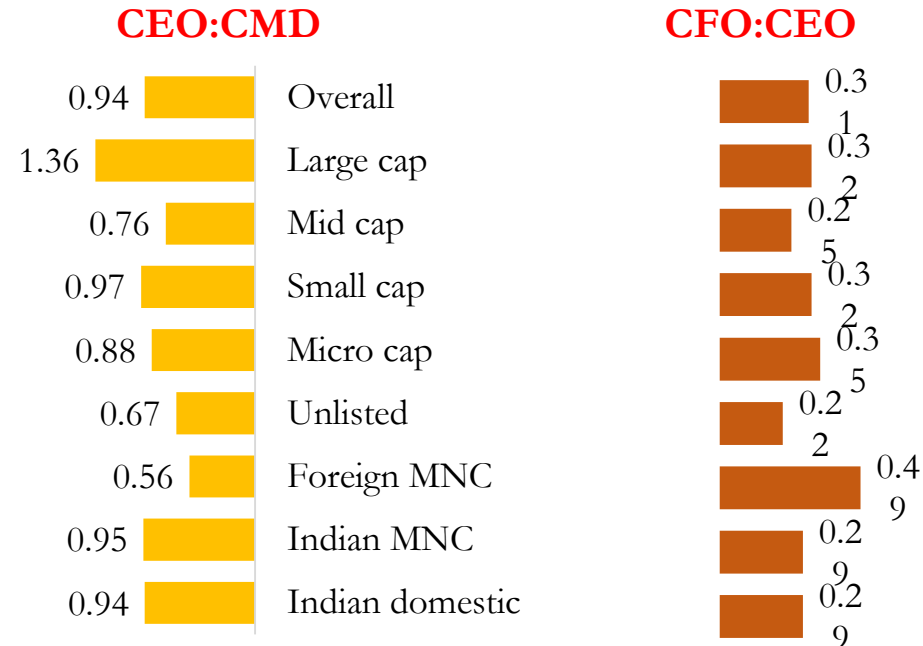
- Top Board executives earn 10-28% of their total pay as variable; in PSUs this ratio is 8-10%.



EXECUTIVE PAY RATIOS FY20

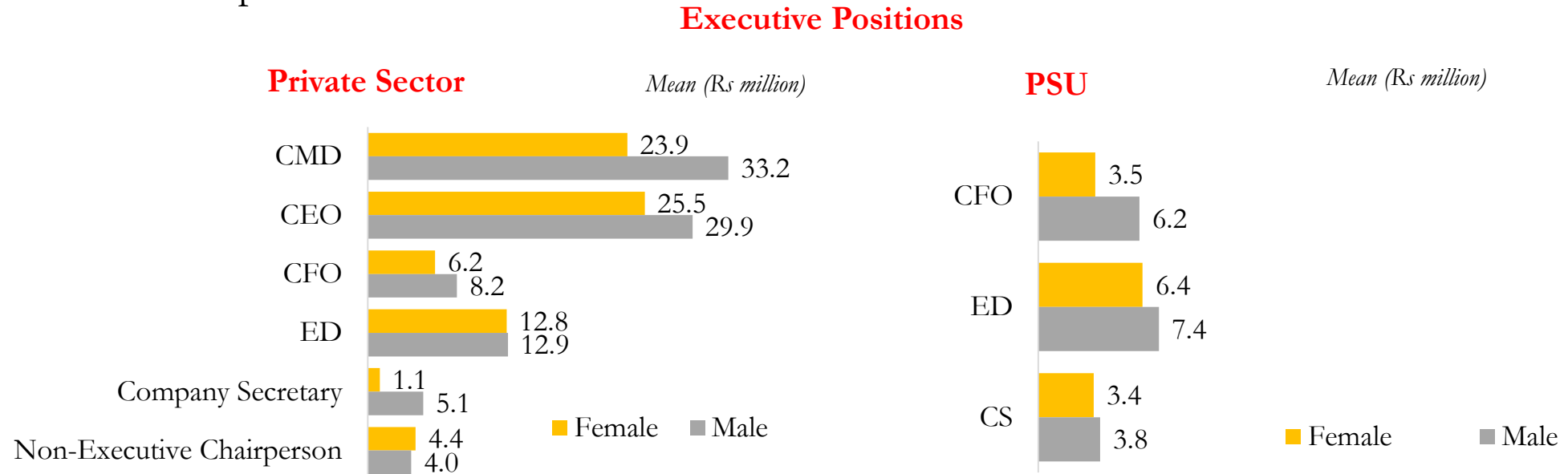
CEOs generally earn a bit less than CMDs, but ~3x as much as CFOs*

- CEO pay is 56-97% of CMD pay across companies by size and ownership, except in large-caps, where they earn ~36% *more*.
- CFO pay is somewhat more stable as a share of CEO pay (22-49%) across types of companies.



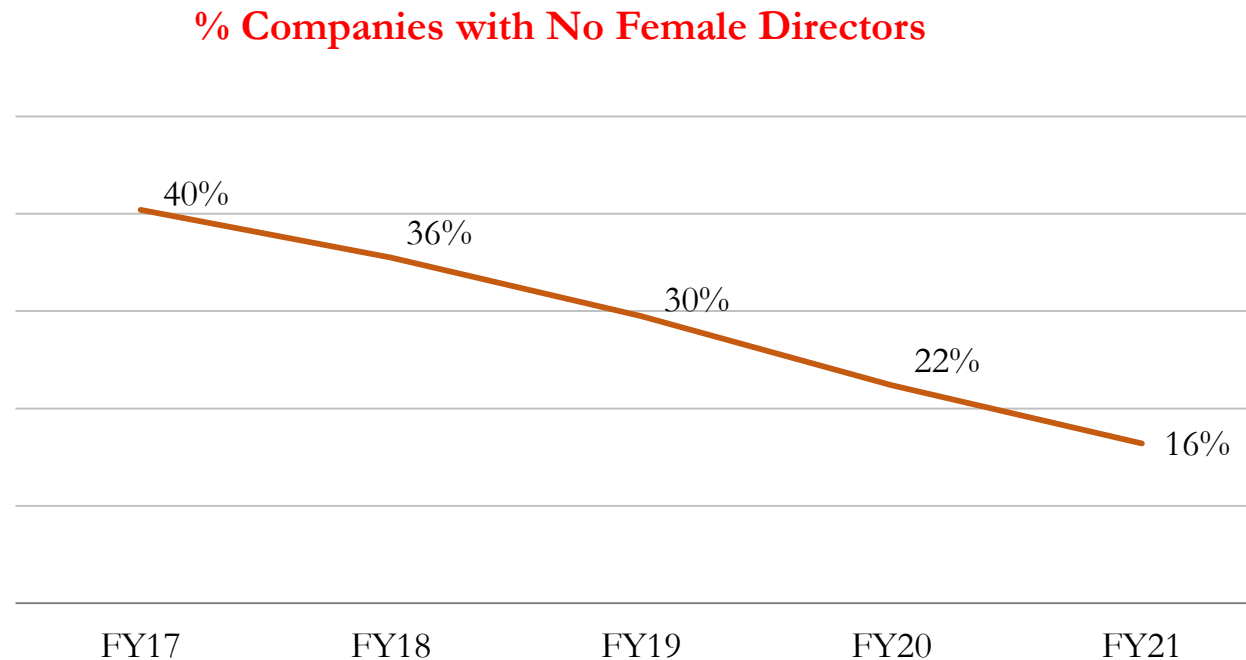
GENDER PAY GAP

- Pay gaps exist across designations in the private sector, with men earning between 17% more at the CMD position and several times more in the CS position, compared to women.
- The ED and Non-Executive Director positions are exceptions – here, the average woman earns either as much or more than the average man.
- There are significant pay gaps, as well, in the PSU world. Men in CFO positions earn close to twice as much as their female peers.



GENDER DIVERSITY ON THE BOARD

- 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.



OTHER HIGHLIGHTS

- On the whole, in FY20, **private-sector CMDs were the highest paid of all the C-suite executives** with a CTC (cost to company) pay of **Rs 32.6 mn, on average.**
- In comparison, **CEOs earned 85% of that amount** (Rs ~29 million), up by over 34% since FY17.
- **PSU salaries are a fraction of that for their private sector peers**, with CMDs receiving **Rs 8.5 million and CEOs Rs 16.6 million** on average in FY21.
- In general, pay is strongly correlated with company size; across levels, big companies – in terms of both market cap and revenue – typically pay multiple times as much as smaller ones.
- Female representation is lowest at the CEO/MD, Chairman, CFO and Non-Executive Chairman levels, and highest among NEDs and Company Secretaries.
- A greater share of female pay is variable compared to males.

The above highlights are some high-level examples. The full report contains detailed insights, cross-tabulations and role specific segmentations.

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Introduction and Overview



- Scope and methodology
 - Company demographics
 - Glossary of terms
 - Executive summary
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Company Board Metrics



- Board Size
- Number of NEDs
- Board composition:
 - Independent vs Non-Dependent Directors
 - Male vs female Representation on the Board
- Number of Board Meetings held
- Presence of the promoter on the Board
- Board Independence
- Cost of Running a Board
- What Makes ESG Different?

**by sector, ownership, function, age, tenure, highest qualification, education at post graduate level*

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- Composition of pay: fixed pay (and its components), variable pay (and its components, including ESOPS)
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- CAGR of changes in pay FY18-21 by level
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**by sector, ownership, function, age, tenure, highest qualification, education at post graduate level*

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Non-Executive Directors' Compensation



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- Changes in pay in FY18 to FY21
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**by sector, ownership, function, age, tenure, highest qualification, education at post graduate level*

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Gender Diversity and Equality



- Male-Female Representation by Level
- Companies with no Female Representation
- Gender-wise Pay Split by Level
- Female Pay Composition

Annexure (120+ pages)



Detailed **7-way cross tabs** by designation, market cap, ownership, company age, revenue, PAT, sector, for:

- Board Metrics: Board size – Private vs PSU; for ESG companies: mean, median, 10th percentile, 75th percentile, 90th percentile; trends in total number of directors – FY15 to FY20; Independent vs non-independent directors; Distribution of Executive Chairman and IDs on company Boards; Promoter presence on the Board; Board meetings and distribution
- Executive and Non-Executive Compensation: Total pay by level; 3-way cross splits by revenue, ownership, sector; Designation wise: pay trends, change in pay, pay composition
- Gender diversity: female representation by level, companies with no female director, pay ratio (men vs women), variable pay share (men vs women)

PRICE

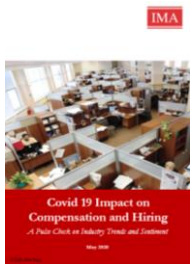
- The full report, including detailed annexures, is priced at **Rs 60,000 + GST**
- Special fees for:
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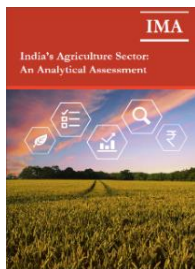
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