

# THE **2022** BOARD REMUNERATION AND GOVERNANCE REPORT



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

# A STUDY OF TRENDS IN BOARD COMPENSATION AND PAY STRUCTURE



The **2022 Board Remuneration and Governance Report** analyses compensation trends for Directors on the Boards of listed and unlisted companies in India. This edition covers 1,998 companies and 21,735 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 FY18-22 • total pay (means, medians, and other percentiles) by designation and ranges • pay composition; change in pay FY18-22 • list of highest paid CMDs, CEO and CFOs

## 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 FY18-22 • female pay composition.

# DETAILED PEER COMPARISONS & CROSS TABULATION



**1,998** listed and unlisted  
companies studied



**5** years of  
compensation trends



**6** top Exec and NED  
positions covered



**21,735**  
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:

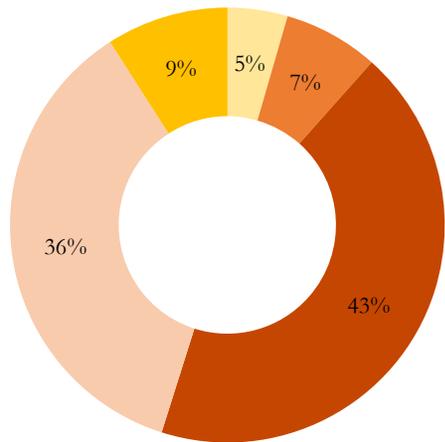
- **Designation:** CMD, CEO, CFO, CS, NED and Non-Exec Chairman
- **Market cap:** Large cap, mid cap, small cap, micro cap and unlisted companies
- **Company Age group:** <Pre liberalisation (<1991); Liberalisation to GFC (1991-2007); Post GFC (2008 and after)
- **Gender**
- **Environmental, social and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

*The report is based on latest data (FY22) 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

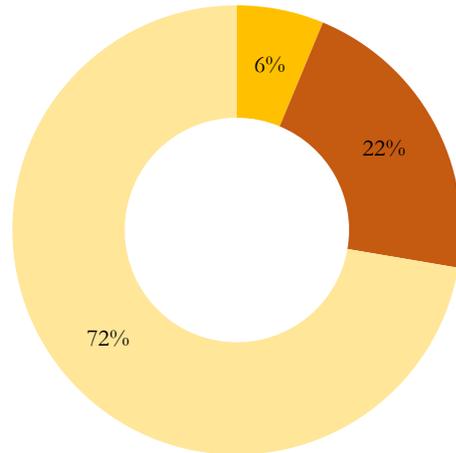


Market Cap (FY22)



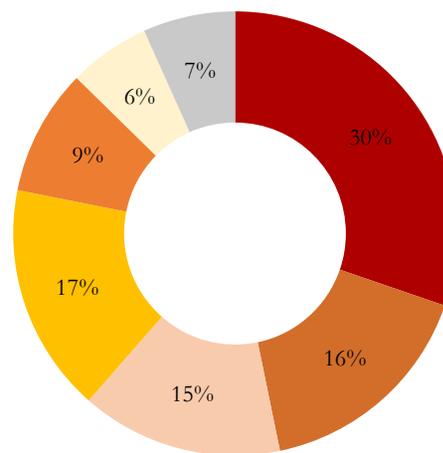
- Large Cap
- Mid Cap
- Small Cap
- Micro Cap
- Unlisted

Ownership



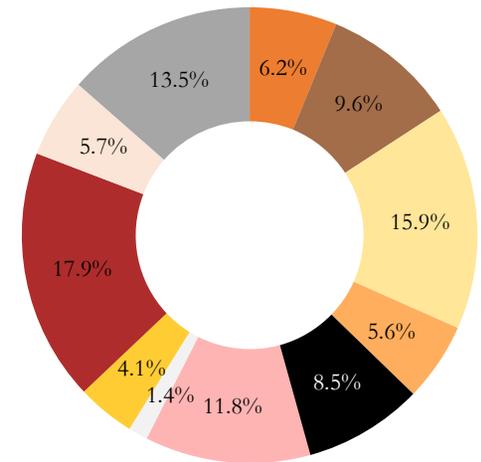
- Foreign MNC
- Indian MNC
- Indian domestic

Revenue (FY22)



- Rs 0.5-2.5bn
- Rs 2.5-5.0bn
- Rs 5-10bn
- Rs 10-25bn
- Rs 25-50bn
- Rs 50-100bn
- >Rs 100bn

Sectors



- Automotive
- BFSI
- Chemicals
- Construction
- Consumer goods
- General services
- Healthcare
- IT & ITeS
- Industrials
- Pharmaceuticals
- Resource-Based Industries

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

## ENABLING CXOs WITH THOUGHT PROVOKING INSIGHTS

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The **60+ 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

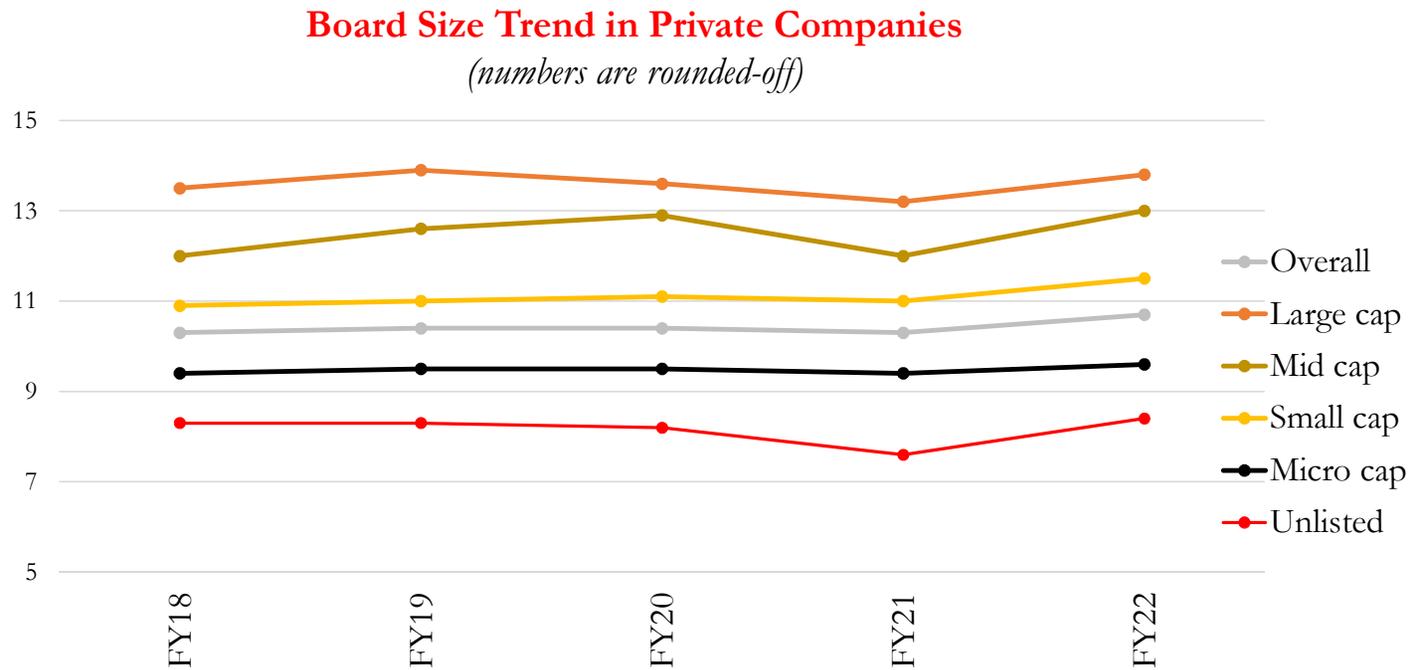


## HIGHLIGHTS AND KEY FINDINGS FROM THE REPORT

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# BOARD SIZE TREND

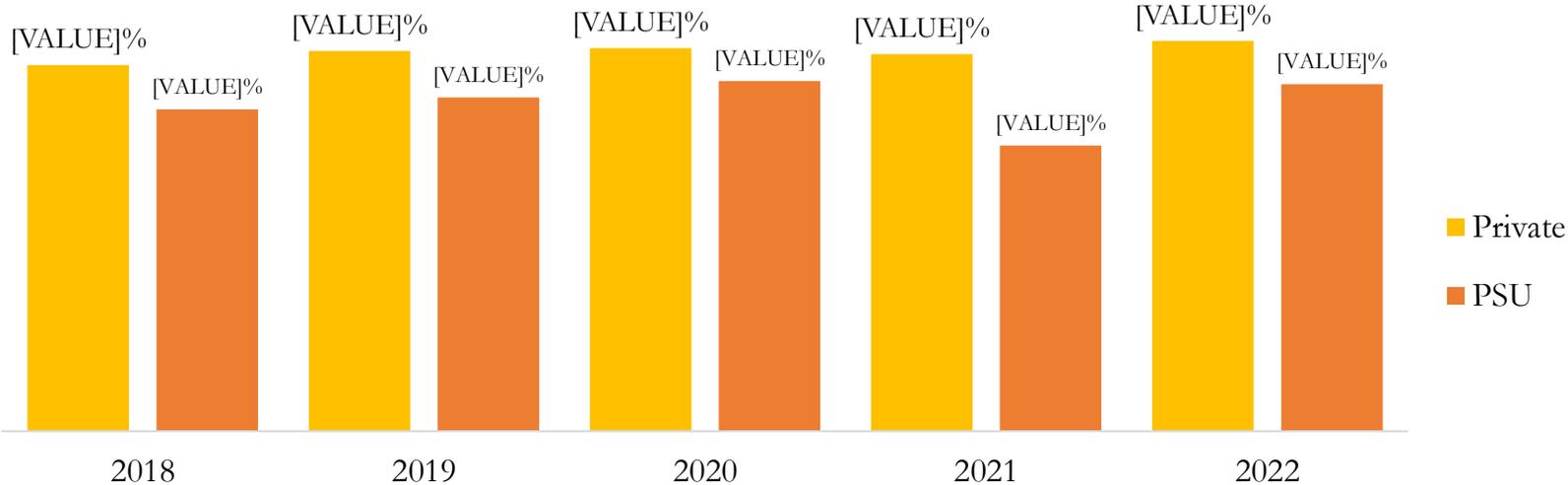
- Board size strongly correlates with company size.
- In the case of private companies, Board size has remained largely the same over the years.



# NUMBER OF INDEPENDENT DIRECTORS

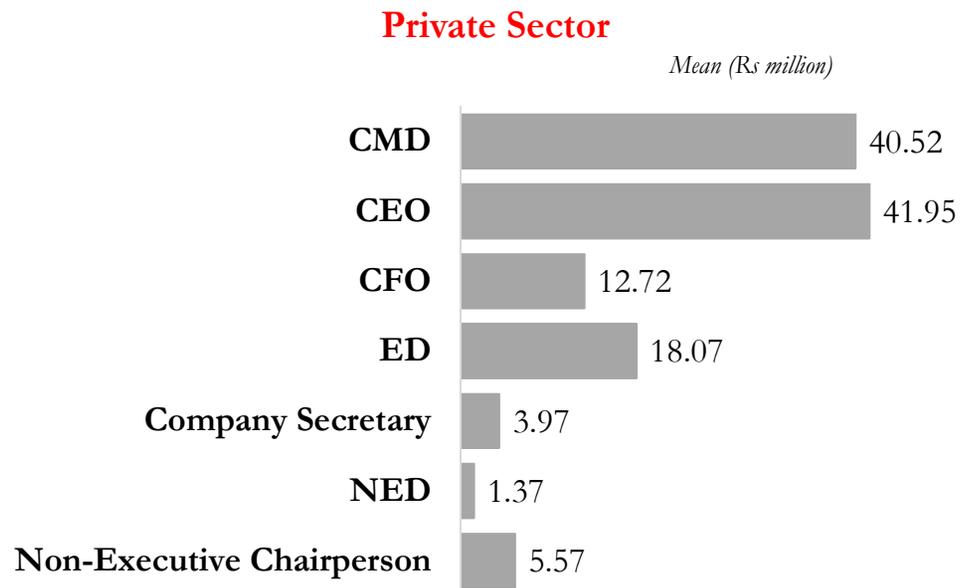
- Despite bigger Boards in PSUs, their share of IDs remain less compared to private companies.
- The ratio of IDs to total Board size has edged up mildly in the last 5 years, from 37% to 39%. Among PSUs, it has tended to move around sharply.
- Foreign MNCs have the lowest percentage of IDs on their Boards amongst all categories of firms.

**Share of IDs on Company Boards**  
FY22



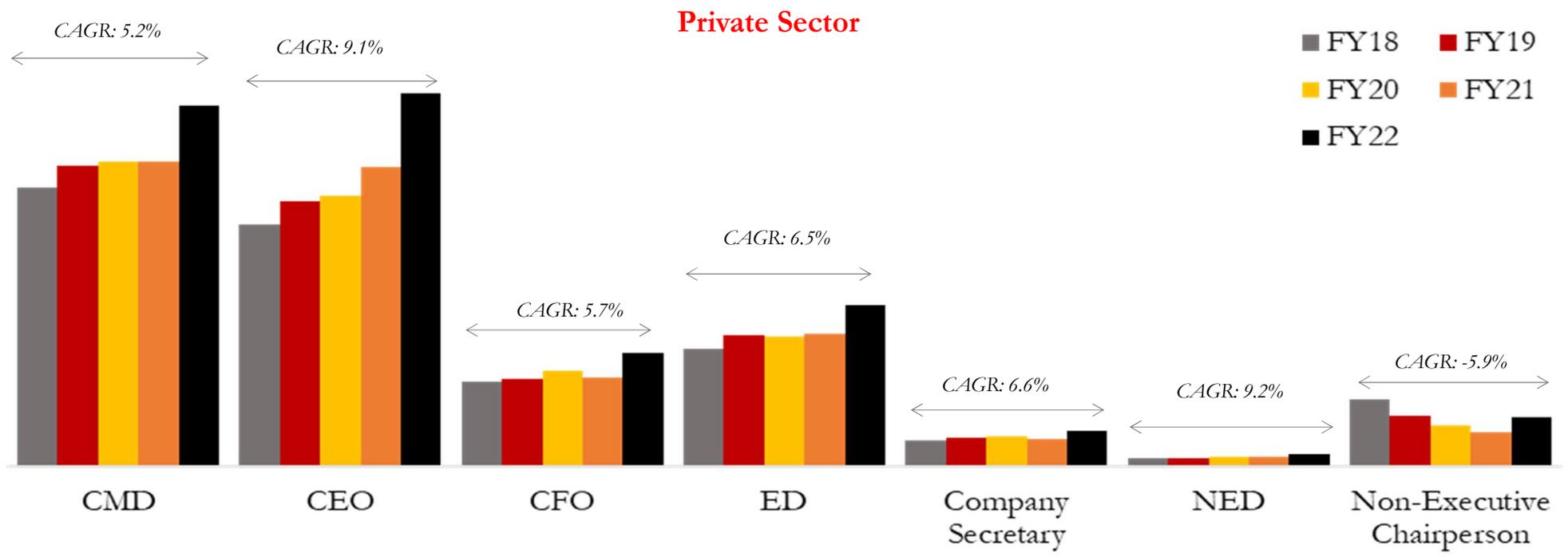
# TOTAL PAY

- In FY22, the average private sector CMD received Rs 40.5 million in compensation.
- The average CEO earned more than the average CMD with a compensation of Rs 42 million.
- CFOs made Rs 12.7 million – ~30% of what CEOs earned and ~29% 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

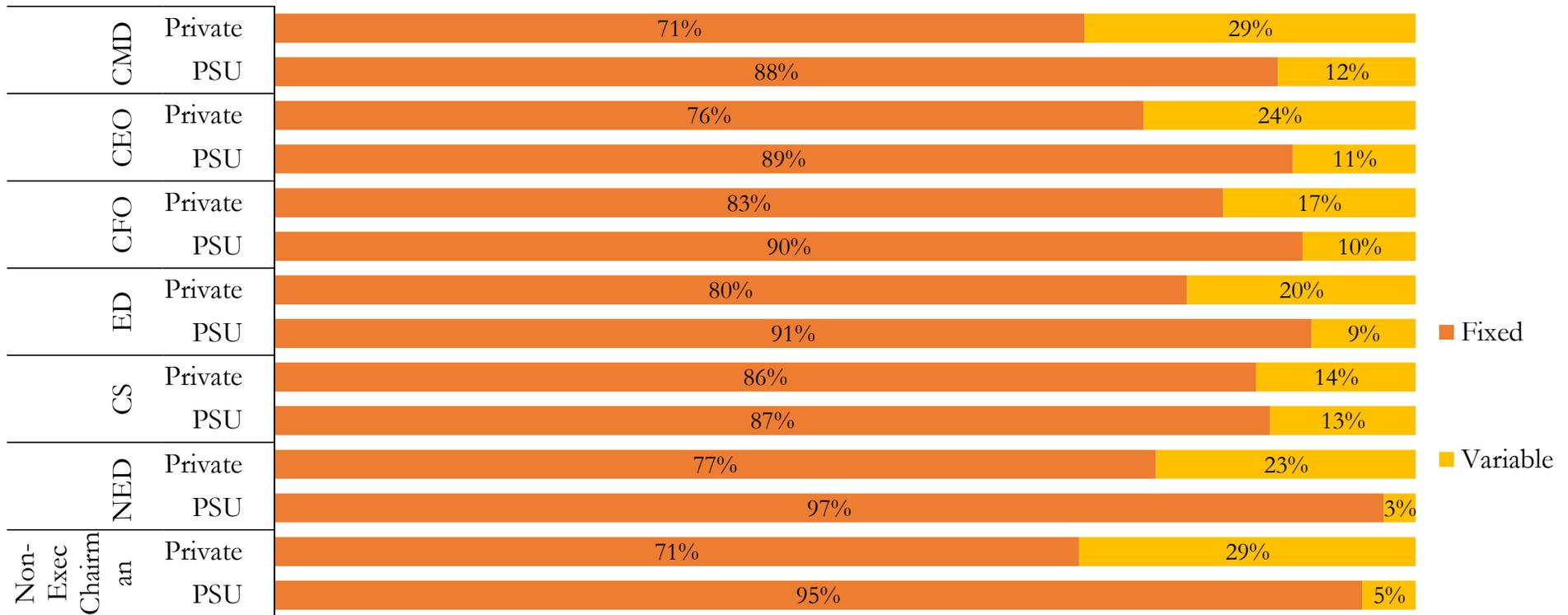
- CEOs on average received Rs 41.9 million in pay in FY22 – ~27% higher than in FY18
- Non-Exec Chairmen continues to see the greatest volatility in pay, but on average, their pay has fallen in the last five years, from Rs 7.6 million to Rs 5.6 million.





# PAY COMPOSITION FY22

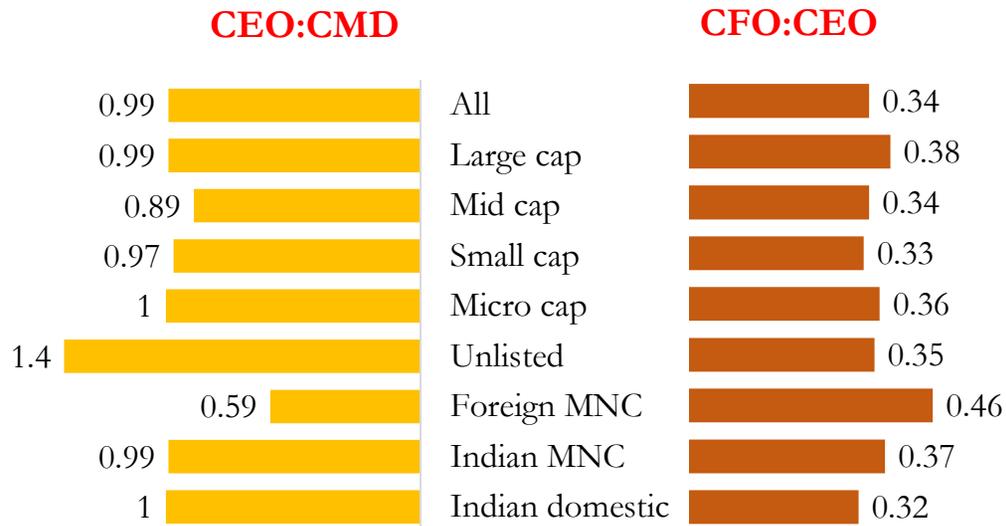
- Top executives earn 14-29% of their total pay as variable; in PSUs this ratio is 3-13%.



## EXECUTIVE PAY RATIOS FY22

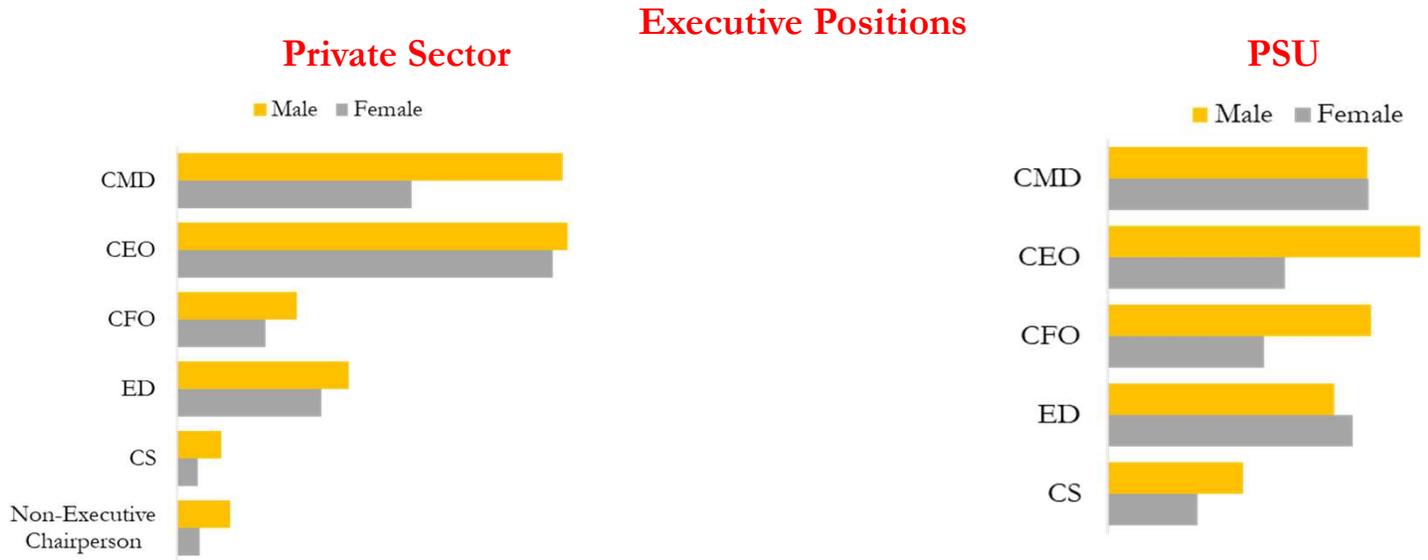
CEOs generally earn as much or more CMDs, but ~3x as much as CFOs\*

- CEO pay is 56-97% of CMD pay across companies by size and ownership, except in large-caps, where they earn ~36% *more*.



# GENDER PAY GAPS

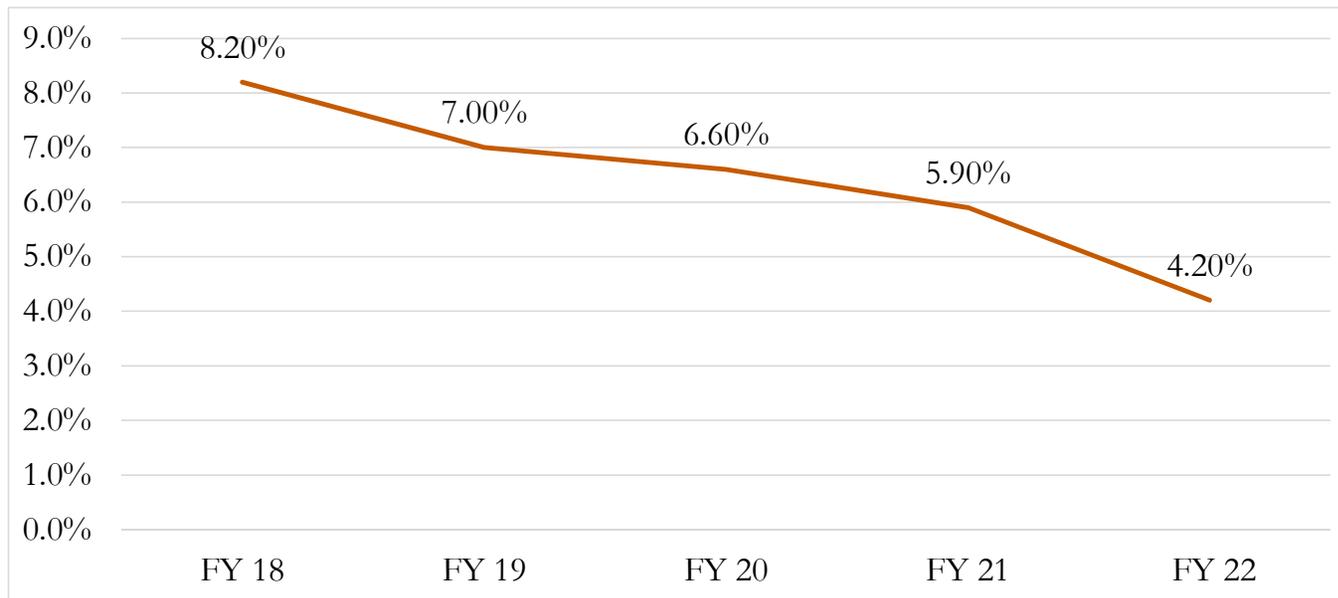
- Substantial gender-related pay gaps exist across designations in the private sector, with men earning more than twice as much as women in some positions.
- The ED and CMD for PSUs, and Non-Executive Director positions in both sectors are exceptions – here, the average woman earns either as much or more than the average man.
- There are significant pay gaps, as well, in the PSU world. Men in CEO and 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.

**% Companies with No Female Directors**



## OTHER HIGHLIGHTS

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- **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.
- **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.
- 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.
- **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 9/12 males.
- **Only 5.7% of CMDs, 4.9% of CEOs and 6% of CFOs** are women.
- Across positions, **women tend to earn a higher share of their pay as variable**, compared to men.

*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

## 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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## Executive Directors' Compensation



- Total pay (FY18-22): means, medians, 25th, 75th and 90th percentile levels, and distribution by pay-range
- Total pay (FY18-22) by levels: Executive, CEOs/MDs, CFOs, Executive Directors, Company Secretaries
- Composition of pay: fixed pay (and its components), variable pay (and its components, including ESOPS)
- Changes in pay in FY18 to FY22
- CAGR of changes in pay FY18-22 by level
- Private sector vs PSU pay comparison (FY18-22)
- Total pay by market cap, company age, revenue by levels; private vs PSUs
- Highest Paid CMDs, CEOs, CFOs

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

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## Non-Executive Directors' Compensation



- Total pay (FY18-22): means, medians, 25th, 75th and 90th percentile levels, and distribution by pay-range
- Total pay (FY18-22) by levels: Non-Executive Directors and Non-Executive Chairman
- NED and Non-Executive Chairman pay by market cap, ownership, sector
- Composition of pay: fixed pay (and its components), variable pay (and its components, including ESOPS)
- Changes in pay in FY18 to FY22
- CAGR of changes in pay FY18-22 by level
- Private sector vs PSU pay comparison (FY18-22)

## Gender Diversity and Equality



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

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

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- **The 2022 Executive and Board Remuneration Report:** The report analyses compensation trends for Directors and Non-Executive Directors.
- **The 2022 Board Governance and Diversity Report:** The report analyses board operations and diversity metrics for Directors on the Boards of listed and unlisted companies in India including parameters such as Board size, independence, governance and gender diversity.



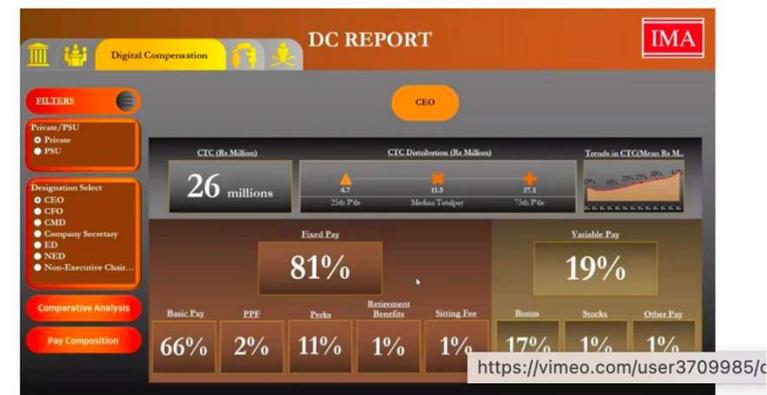
# ACCESS EXECUTIVE DIRECTOR COMPENSATION AND OTHER METRICS ON THE **AGILEX PLATFORM**



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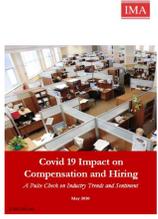
**AgileX in action**  
[\(click here to see the video\)](#)





# OUR PORTFOLIO OF RESEARCH REPORTS

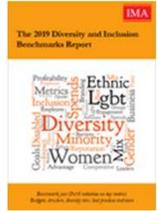
## HR



▶ Covid-19 Impact on Compensation and Hiring



▶ The 2021 Executive & Board Remuneration Report



▶ The 2019 Diversity and Inclusion Benchmarks Report



▶ Salary Increment Benchmarks FY22



▶ FY22 Attrition Benchmarking Study

## Other

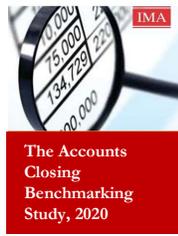


▶ CXO Diaries: Life after Covid-19

## Finance

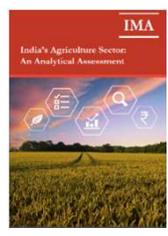


▶ Finance Department Performance Benchmarks



▶ The Accounts Closing Benchmarking Study, 2020

## Industry



▶ Indian Agriculture: An Analytical Assessment

## Marketing

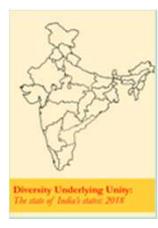


▶ The 2020 Digital Marketing Benchmarking Survey

## Economic and Thematic Studies



▶ The India Employment Report 2017



▶ Diversity Underlying Unity: A Study of India's States 2018



▶ The India Consumption Report 2016

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