

THE **2020** EXECUTIVE & BOARD REMUNERATION REPORT

The IMA logo consists of the letters 'IMA' in a white, serif font, centered within a red rectangular box with thin white borders on the top and bottom.

IMA

A modern conference room with a long white table and several chairs. A large screen on the wall displays a line graph with an upward trend. The room has large windows overlooking a city skyline.

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 **2020 Executive and Board Remuneration Report** analyses compensation trends for Directors on the Boards of listed and unlisted companies in India. This edition covers 1,837 companies and 16,611 Directors in its analysis.

The report covers the following areas:

Board Governance Metrics



Board size and composition • number of IDs and NEDs • share of income from ID roles • Board independence • promoter presence on the Board • total Board pay bill • number of Board meetings held each year.

Executive Directors' Compensation



Compensation trends for Executive Directors from FY16-20 • total pay (means, medians, and other percentiles) • pay composition; change in pay FY16-20 • 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 FY16-20 • female pay composition.

DETAILED PEER COMPARISONS & CROSS TABULATIONS

IMA



1,837 listed and unlisted
companies studied



5 years of
compensation trends



6 top Exec and NED
positions covered



16,611
Executives/Directors
reviewed



Data segmented
across **11** sectors



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:

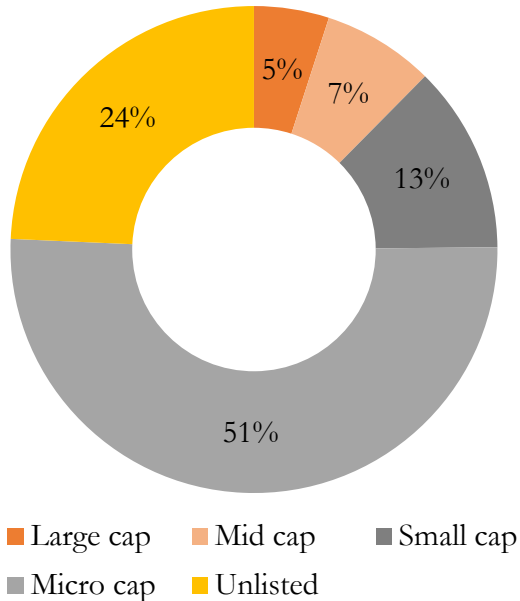
- **Designation:** CMD, CEO, CFO, CS, NED and Non-Exec Chairman
- **Market cap:** Large cap, mid cap, small cap, micro cap and unlisted companies
- **Company Age group:** <Pre liberalisation (<1991); Liberalisation to GFC (1991-2007); Post GFC (2008 and after)
- **Gender:** Male vs female
- **Environmental,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

The report is based on the latest available data (FY20) collated and distilled from company annual reports and filings with the Ministry of Corporate Affairs (MCA), Government of India.

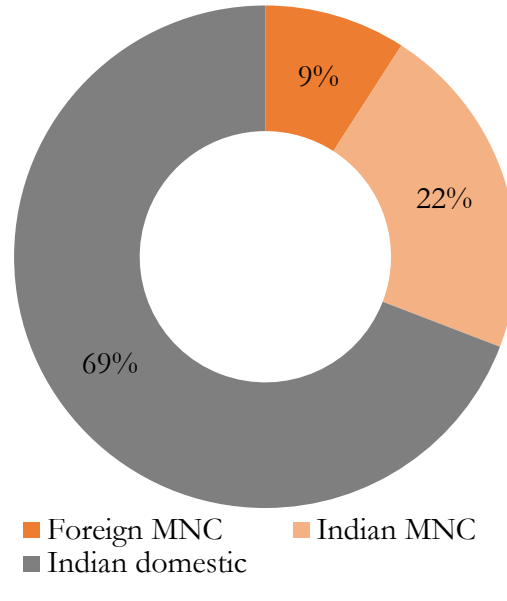
IN-DEPTH COVERAGE ACROSS SECTORS, OWNERSHIP LEVELS AND MORE



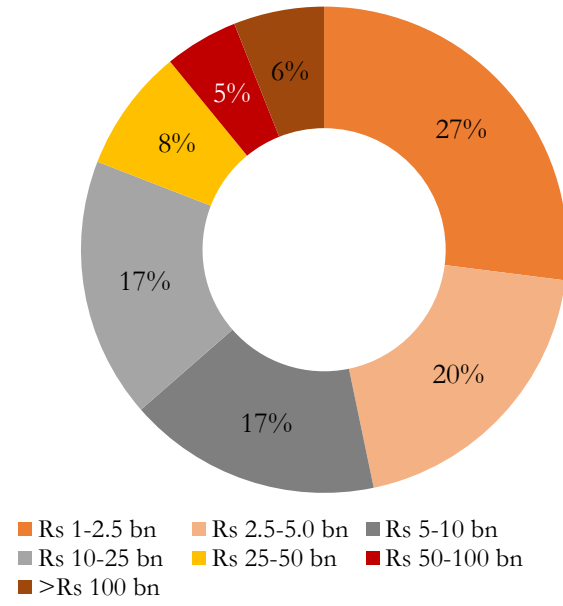
Market Capitalisation



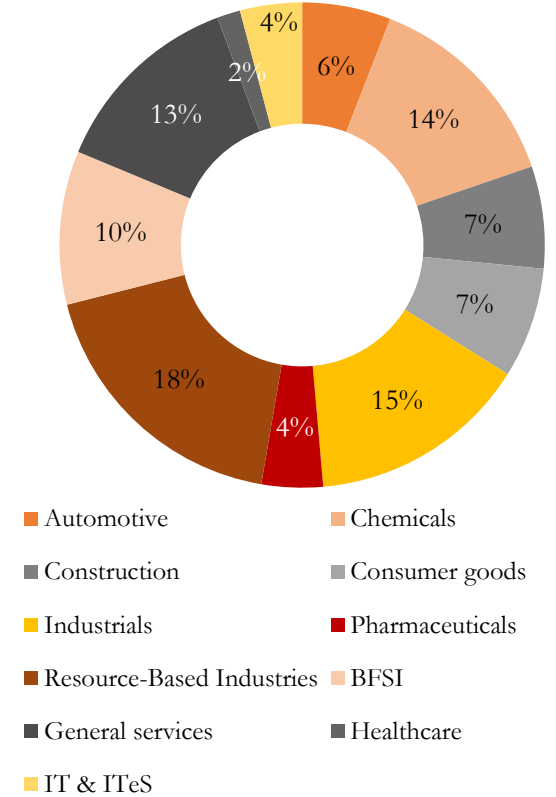
Ownership



FY20 Revenue



Sector



Other segmentation parameters include: by company age and by PAT

ENABLING CXOs WITH THOUGHT PROVOKING INSIGHTS

The **240+ 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

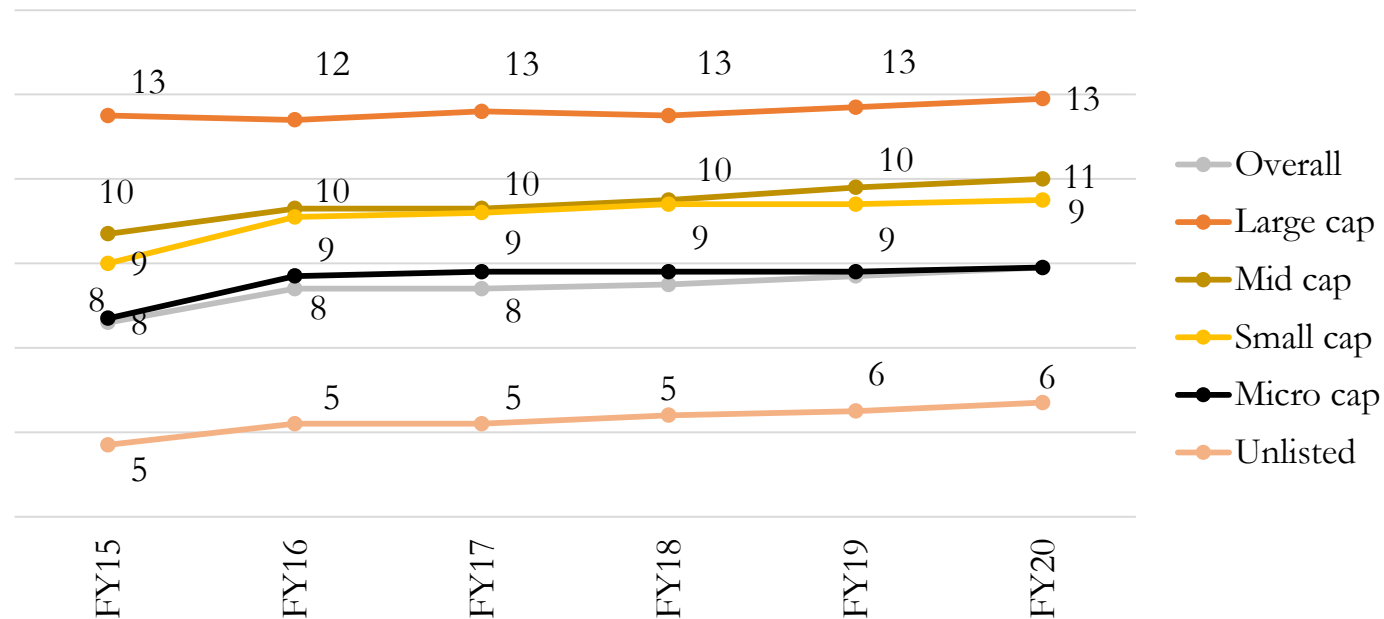


HIGHLIGHTS AND KEY FINDINGS FROM THE REPORT

BOARD SIZE TREND

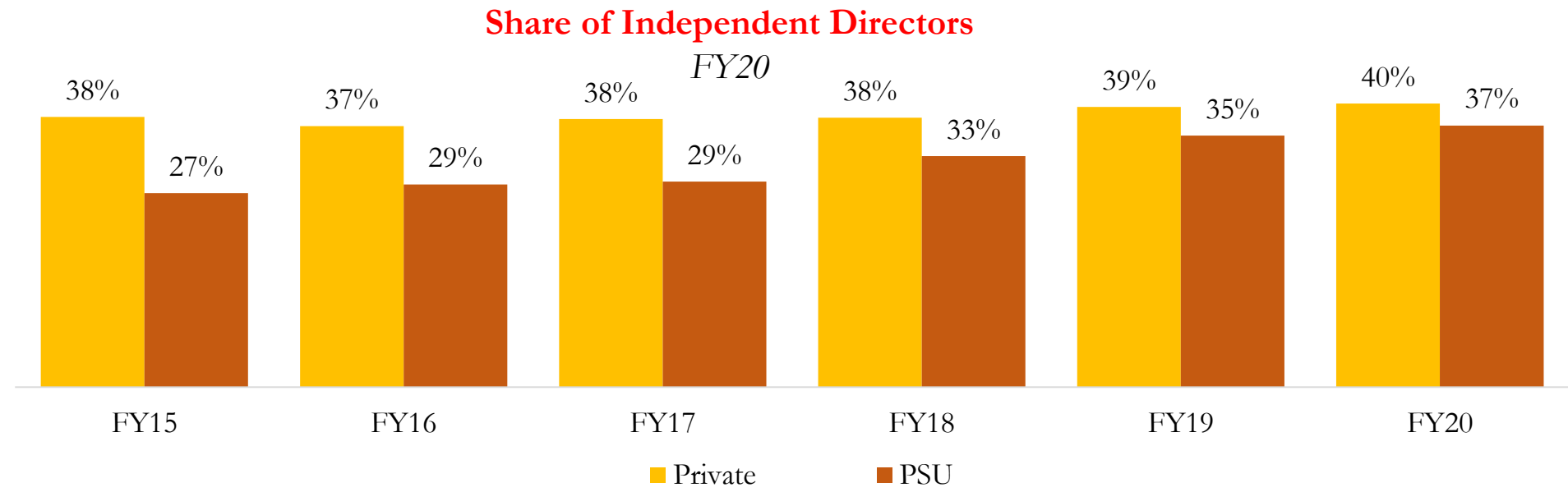
- Board size strongly correlates with company size. Large cap companies on average have 13 members on their Board against 9 in micro-caps. Unlisted have just 6 Board members on average.
- In general, private company Boards have remained largely the same in size whereas PSU Boards have seen a significant increase in size over the last five years.

Board Size Trend in Private Companies
(numbers are rounded-off)



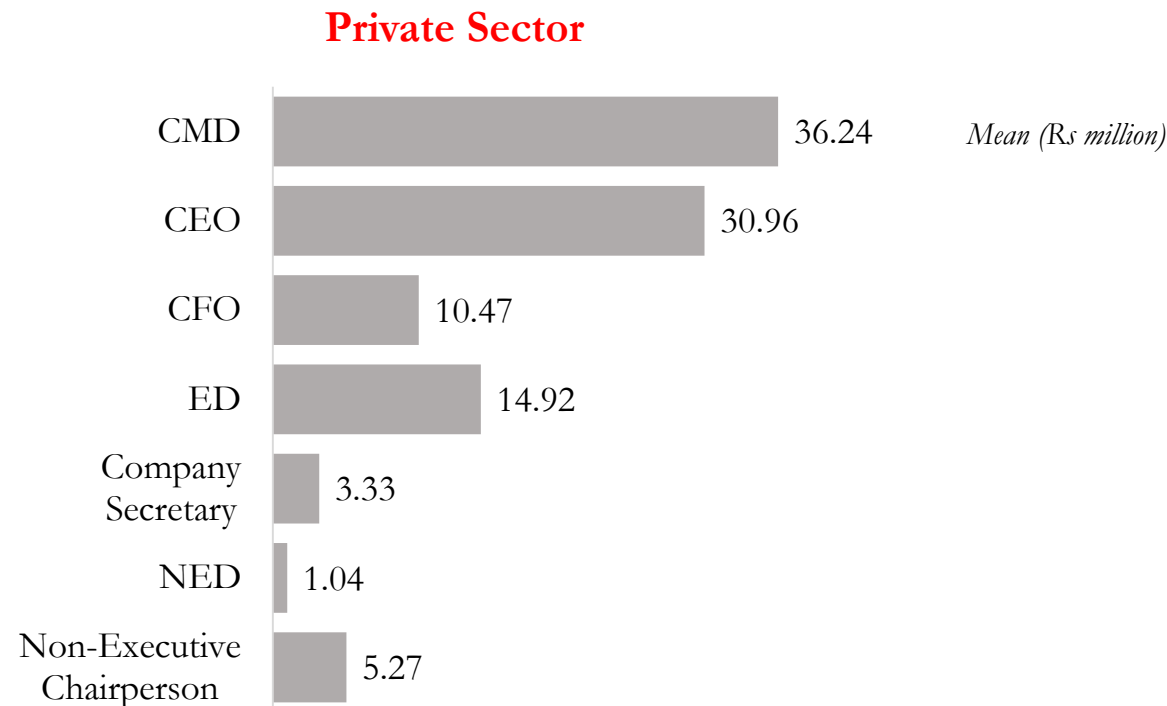
NUMBER OF INDEPENDENT DIRECTORS

- Despite bigger Boards, PSUs have a lower share of Independent Directors (IDs) compared to private companies.
- However, this is changing as the share of IDs on PSU Boards shows consistent growth over the years.
- On the other hand, the share of IDs on private Boards has not changed meaningfully.
- Foreign MNCs have the lowest percentage of IDs on their Boards amongst all categories of firms.



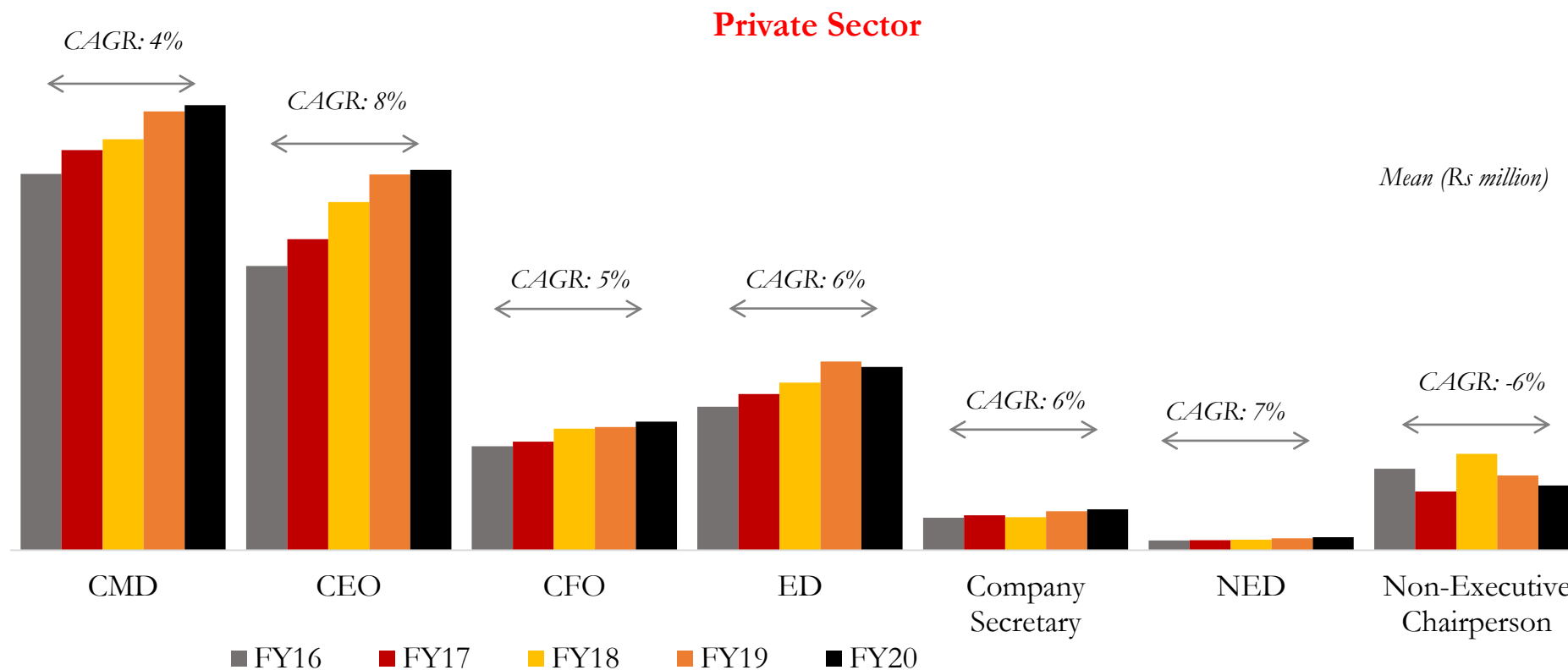
BOARD COMPENSATION

- In FY20, the average private sector CMD received Rs 36 million in compensation.
- The average CEO earned 85% of that amount, or Rs 31 million.
- CFOs made Rs 10.5 million – a third of what CEOs earned and ~40% less than EDs.
- Compensation varies by company size and other factors, requiring benchmarking at a segmented level.



CHANGE IN PAY

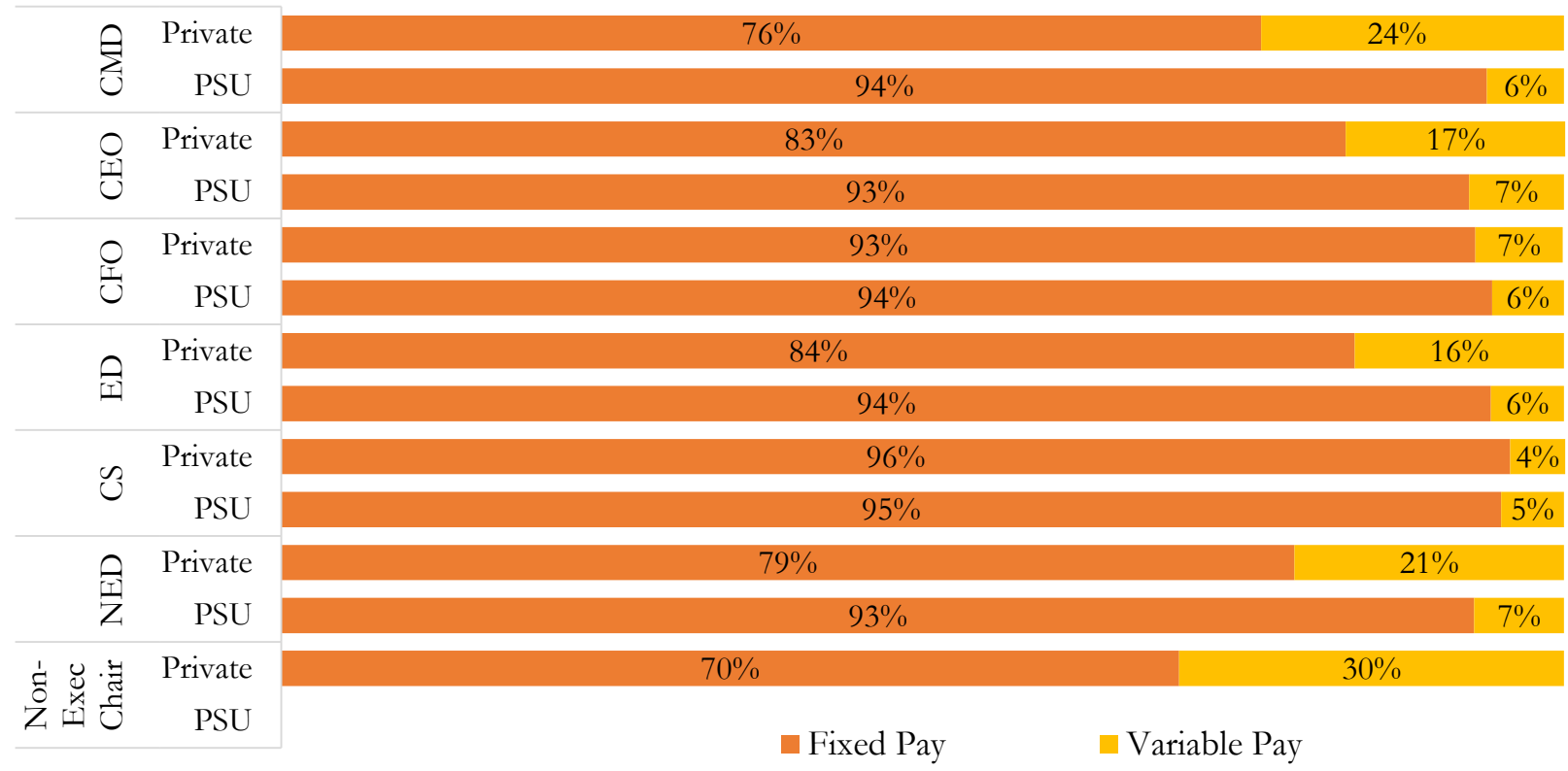
- CEO pay registered the maximum growth in the last five years (8% pa) followed by Non Executive Directors (7% pa).
- CMD pay grew the least from FY16 to FY20. Non Executive Chairman pay has declined.



PAY COMPOSITION FY20

- Top Board executives earn 6-25% of their total pay as variable; in PSUs this ratio is 5-10%.

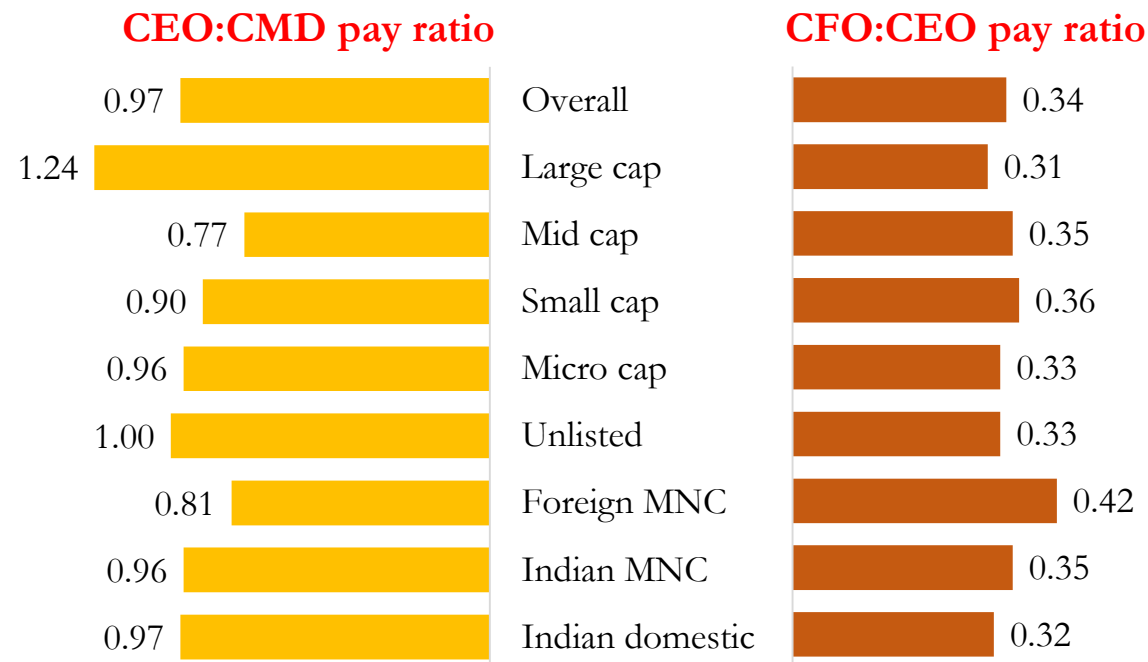
Pay Composition



EXECUTIVE PAY RATIOS FY20

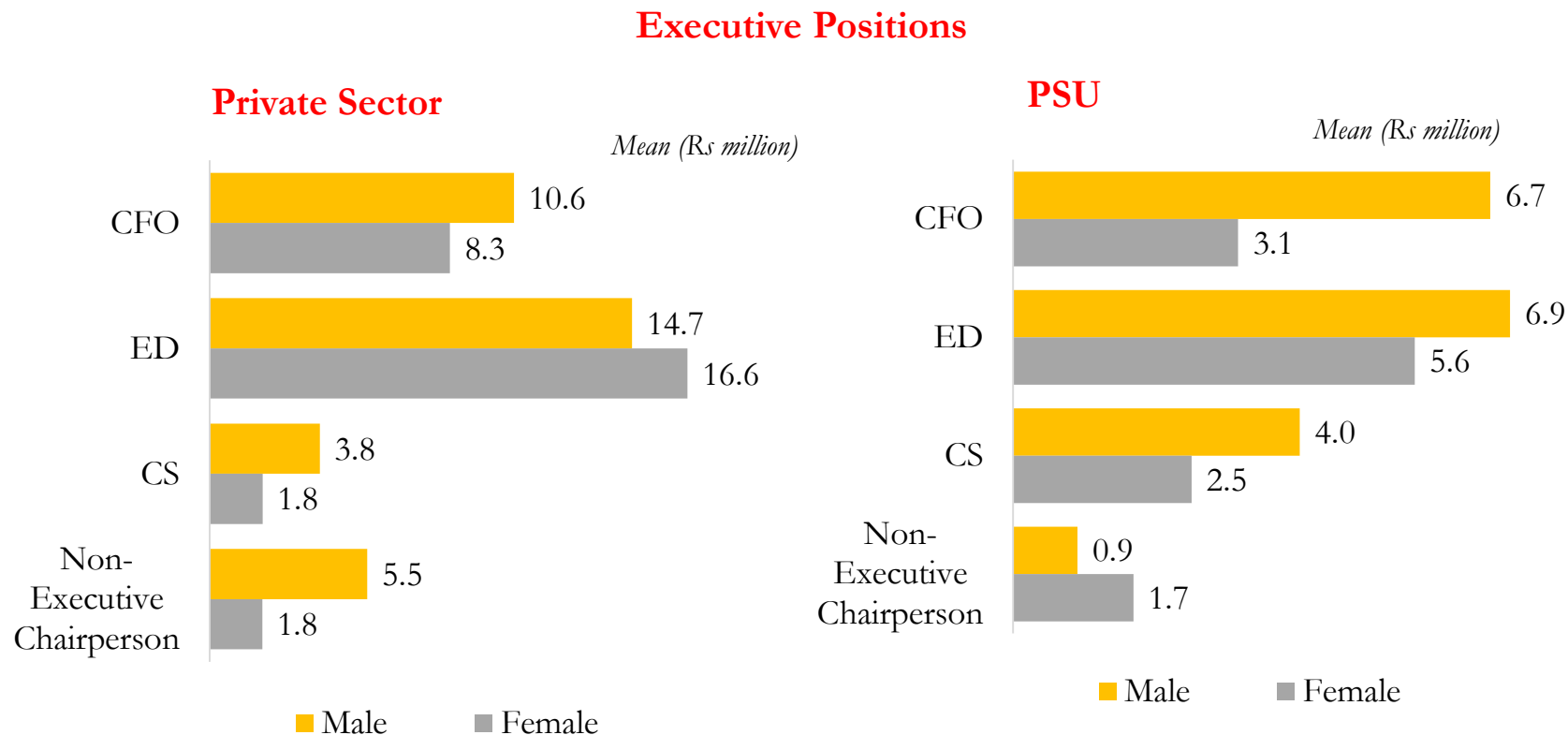
CEOs generally earn a bit less than CMDs, but close to 3x as much as CFOs

- CEO pay is 77-96% of CMD pay across companies by size and ownership. The gap is biggest among mid-cap firms. In large caps, CEOs actually earn more than CMDs by 24% and in unlisted firms, they earn equally.
- On the other hand, CFO pay is more stable as a share of CEO pay (31-42%) across types of companies.



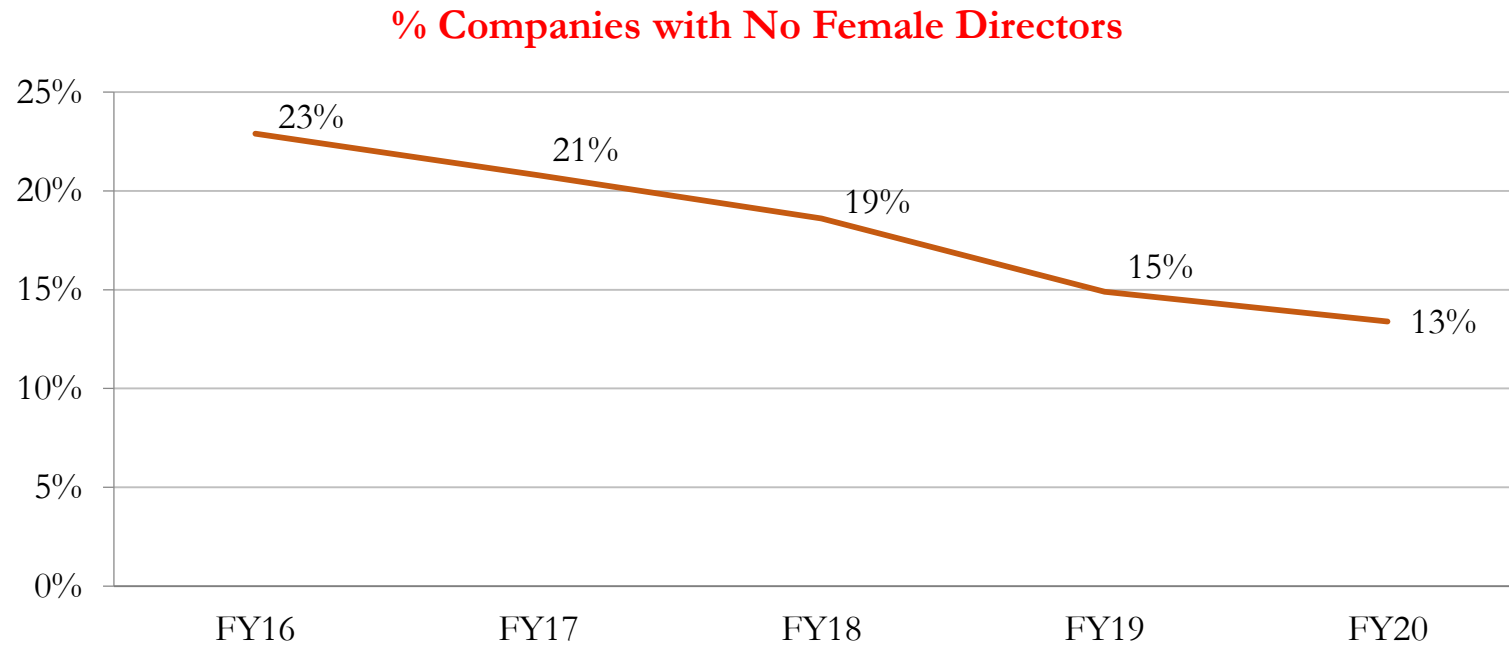
GENDER PAY GAP

- Pay gaps exist across designations in the private sector, with men earning 27% more at the CFO position and double in the CS position, compared to women. EDs are an exception – here, the average woman earns 11% more than the average man in the private sector.



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 36.24 million, on average.**
- In comparison, **CEOs earned 83% of that amount** (Rs ~31 million), up by over 34% since FY16.
- **PSU salaries are a fraction of that for their private sector peers**, with CMDs receiving **Rs 8.19 million and CEOs Rs 8.62 million** on average in FY20.
- The median pay growth for top managers has been on a downward trend with FY20 registering the least pay hike.
- In the last 5 years, NED pay has increased at an annualised 5% in the private sector and by 18% in public sector companies.
- 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

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
- Board Pay Bill

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

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Executive Directors' Compensation



- Total pay (FY16-20): means, medians, 10th, 25th, 75th and 90th percentile levels, and distribution by pay-range
- Total pay (FY15-19) 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 FY16 to FY20
- CAGR of changes in pay FY16-20 by level
- Private sector vs PSU pay comparison (FY16-20)
- Total pay by market cap, company age, revenue by levels; private vs PSUs
- Highest Paid CMDs, CEOs, CFOs
- Pay vs performance for each level – correlation between revenue and pay growth; PAT and pay growth

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

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Non-Executive Directors' Compensation



- Total pay (FY16-20): means, medians, 10th, 25th, 75th and 90th percentile levels, and distribution by pay-range
- Total pay (FY16-20) 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 FY16 to FY20
- CAGR of changes in pay FY16-20 by level
- Private sector vs PSU pay comparison (FY16-20)

**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
- Change in Pay FY16-20: Gender Split
- Female Pay Composition

Annexure (200+ 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 75,000 + GST**
- Special fees for:
 - **Members** of IMA Forums: **Rs 40,000 + GST**
 - **Companies** that **purchased** the 2019 edition of the report: **20% discount**



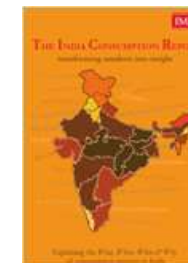
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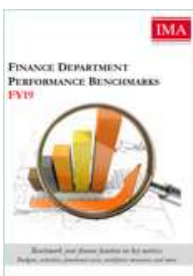
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26+

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Cities of operations across India