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Data for this report has been sourced from IiAS' proprietary pay analytics platform, comPAYre, which contains historical remuneration and performance data for executive directors across S&P BSE 500.

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CEO Pay: Bridging the pay gap¹

This is the time of the year when boards are called upon to fix pay levels of its members for the coming financial year. This series on CEO pay, compiled by IiAS using data from comPAYre, IiAS' cloud-based pay-versus-performance tool, is aimed at sensitizing boards on the remuneration trends across the market, as a basis for determining appropriate pay structures.

Becoming the CEO is not just good for the ego, it is financially rewarding. As per IiAS data, CEOs in the top 500 (excluding PSUs) were paid more than twice as much as the other executive directors (ED) on the board. And it helps if you are from the promoter family: top promoter directors are paid ~1.6 times as much as professional directors. However, we have not quite seen the winner-takes-all that Elon Musk is proposing (\$50 billion as salary over ten years) - for the most, there is acceptance that running a company is the collective responsibility of the entire executive team, and not just of any one individual.

Looking at gender, men do not just outnumber women directors by a ratio of more than 11:1, their salaries, on average, are also higher. There are 24 male CEOs who are paid more than the highest paid woman CEO. In the '100 mn club', there are only eight women, out of a total of 123 directors. This pay differential is unjustifiable and needs corrective action in the form of gender-neutral pay structures.

An equitable and inclusive culture is at the heart of any successful organization. Boards therefore need to proactively address these discriminatory pay practices and ensure fairness. Failure to do so might ignite employee resentment and harm productivity in the long run.

Exhibit 1: Median pay of CEOs vs EDs (Rs.mn)

CEOs are getting paid twice as much as other executives on the board. In 32 companies, CEOs were paid more than five times of that of the average ED pay

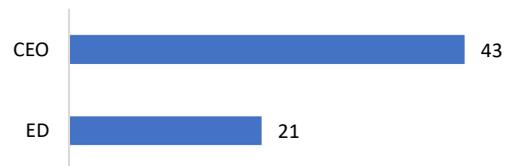


Exhibit 2: Median pay of top 25 Promoters vs Professionals (Rs.mn)



The pay for top professional directors is significantly lower than that of promoter directors. Further, professionals in the top 25 are primarily awarded through stock grants, whereas promoters are given cash pay-outs

¹ This is the second of a multi-part series on CEO pay, compiled for [Mint](#). A modified version of this report was [published by Mint](#) on 2 April 2018. For the first part, [click here](#).

Exhibit 3: Gender-wise Median Pay (Rs.mn)

The median pay for male CEOs is marginally higher than that of women CEOs. But at the ED level, men are paid more than ~1.5 times as much as their female peers

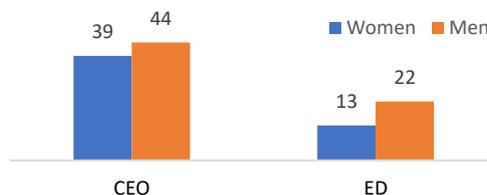


Exhibit 4: Pay levels of highest paid CEOs (Rs.mn)



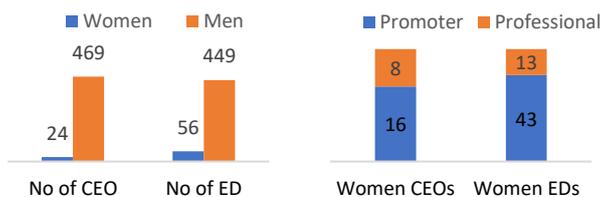
There is a vast gap between CEO pay across gender. In total there are 24 male CEOs who are paid more than the highest paid woman CEO.

Exhibit 5: Executives earning more than Rs.100 mn

Only 8 women executives earned more than Rs.100 mn in FY17.



Exhibit 6: Gender-wise Roles



Representation from women at the CXO/ED level continues to remain low.

Disclosures:

- Data has been sourced from annual reports for the S&P BSE 500 companies
- 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 chart for highest paid CEOs excludes one female non-CEO director, who drew an annual remuneration of Rs.779 mn in FY17

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