

**CEO Pay: Sector Analysis (FMCG)**

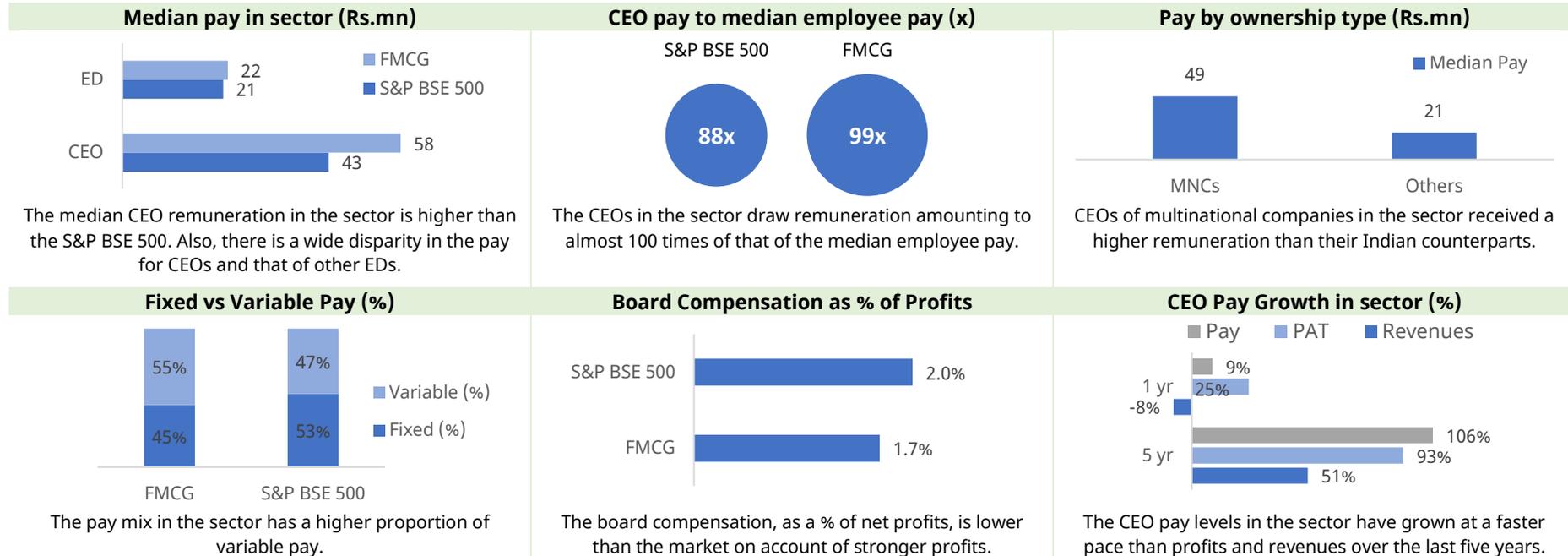
This is the time of the year when boards are called upon to fix pay levels of its members for the coming financial year. This series on CEO pay, compiled by IiAS using data from compAYre, IiAS' cloud-based pay-versus-performance tool, is aimed at sensitizing boards on the remuneration trends across the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

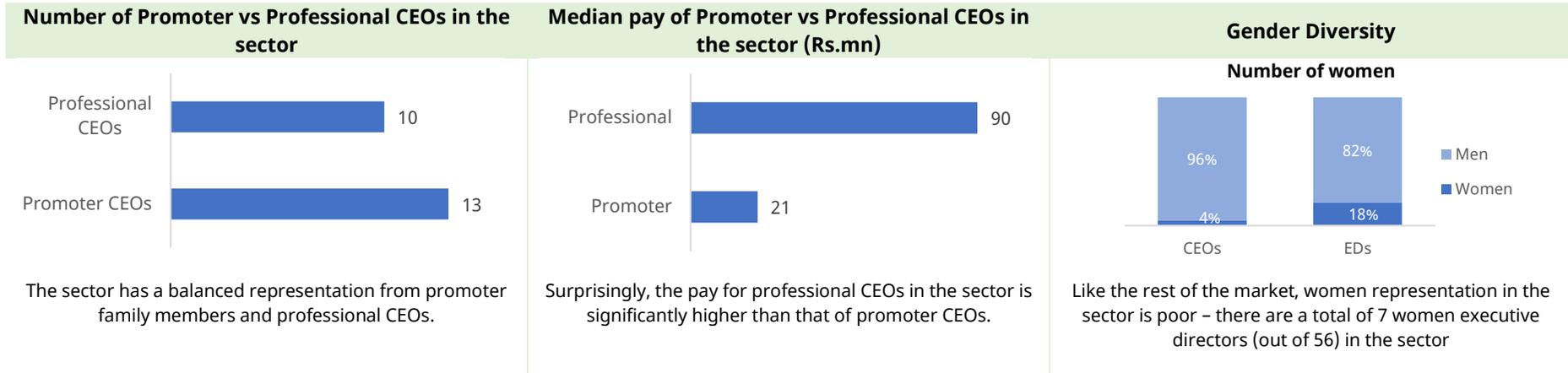
Several companies in the FMCG sector have foreign ownership. Executive directors in such companies are often appointed from the parent leadership team and their pay is benchmarked to global peers. This creates an upward bias on the pay levels across the sector, which is reflected in the higher CEO remuneration (as compared to S&P BSE 500) and the fact that CEO salaries amount to almost 100 times of that of the median employee pay. While part of this can be explained by the large size and scale of operations (pay-to-profits ratio is low), the boards of some companies need to test for alignment with performance and ensure moderation. Executives in MNCs also often get compensated from their parent company - the quantum of which is rarely reported in the annual reports. While this is a common practice, if unchecked, it runs the risk of skewing the incentive structure and creating asymmetric loyalties. As a measure of good governance, companies must provide the aggregate remuneration paid to its executives from all sources - this will enable stakeholders to take a more informed decision on their pay proposals.

**Sector Profile**

<b>No of companies in S&amp;P BSE 500:</b> 22	<b>Total Market Cap:</b> Rs.12 tn	<b>FY17 Revenues:</b> Rs.1602 bn	<b>FY17 Profits after Tax:</b> Rs.237 bn
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**Remuneration data for the FMCG Sector**





**List of companies (Total Count: 22)**

- Britannia Industries Ltd.
- CCL Products (India) Ltd.
- Colgate-Palmolive (India) Ltd.
- Dabur India Ltd.
- Emami Ltd.
- Future Consumer Ltd.
- Gillette India Ltd.
- Glaxosmithkline Consumer Healthcare Ltd.
- Godrej Consumer Products Ltd.
- Hatsun Agro Products Ltd.
- Heritage Foods Ltd.
- Hindustan Unilever Ltd.
- ITC Ltd.
- Jyothy Laboratories Ltd.
- KRBL Ltd.
- Kwality Ltd.
- Manpasand Beverages Ltd.
- Marico Ltd.
- Nestle India Ltd.
- Parag Milk Foods Ltd.
- Procter & Gamble Hygiene & Health Care Ltd.
- Zydus Wellness Ltd.

**Disclosures:**

- Data has been sourced from annual reports for the S&P BSE 500 companies and compiled using IiAS' 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

**About comPAYre:**



IiAS' proprietary pay analytics platform, comPAYre gives access to historical remuneration and performance data for executive directors across the S&P BSE 500 companies.

A modified version of this report was published by Mint on 7 May 2018. You can read the earlier reports by clicking the links below:

Part 1: [Indian CEO salaries outpace performance](#)

Part 2: [Bridging the pay gap](#)

Part 3: [CEO Pay Sector Analysis: Private Banks](#)

Part 4: [CEO Pay Sector Analysis: Automobiles](#)

Part 5: [CEO Pay Sector Analysis: Healthcare](#)

Part 6: [CEO Pay Sector Analysis: IT](#)

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