

'Huge Pay Hikes Have Made CXOs Unhirable'

Lijee Phillip
& Kala Vijayraghavan

Mumbai: CEO compensation that hit a new high this year is making it hugely expensive and unsustainable for companies that are seeking leadership changes, say executive search firms. Given the scarcity in leadership talent, companies are making counter offers to retain their top executives who have got offers elsewhere, they said. This is leading to many executives rejecting offers that they have initially accepted.

Boards handsomely rewarded CEOs of companies that recorded strong profit and sales growth and saw capital infusion despite the pandemic. Several top CEOs and managing directors got an average 11-15% increase in salary and perks in 2021-22, with a few getting as much as a 25-45% jump, according to data collated from annual company reports by Primeinfobase.com, which is part of the Primedatabase group.

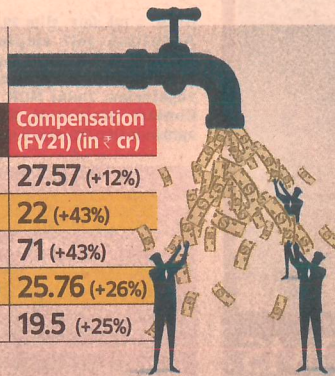
"It's more of an employee's market as companies make efforts to retain top talent and hence there are far more counter offers and offer drops," said Navnit Singh, regional managing director for India at Korn Ferry.

Many CEOs took a pay cut or did not get any hike in 2020-21 amid uncertainties over Covid-19. Such executives are now being rewarded. Talent at this level is scarce,

Rising Graph

Cos	CEO/MD/Chairman	Compensation (FY21) (in ₹ cr)
Havells India	Anil Rai Gupta	27.57 (+12%)
HUL	Sanjiv Mehta	22 (+43%)
Infosys	Salil Parekh	71 (+43%)
TCS	Rajesh Gopinathan	25.76 (+26%)
Tata Steel	TV Narendran	19.5 (+25%)

Source: Primeinfobase.com



so companies have also increased payouts as a retention strategy, said Pranav Haldea, managing director at Primedatabase.

The pay raises can also be attributed to the extra responsibility CEOs had taken at a time of crisis, say search consultants.

CEO compensation levels are unlikely to fall given the small pool of leadership talent, said K Sudarshan, managing director (India) & regional chair (Asia) at EMA

Partners International. "Corporates need to seriously work on creating a second cadre of leaders to succeed ageing leadership. In the absence of succession plans, corporates tend to give high payouts as a retention strategy," he added.

Among top companies, Infosys CEO Salil Parekh saw his total

compensation jump by 43% to ₹71 crore in fiscal 2021-22, according to India's second-largest software exporter's annual report. Parekh's income increased as a result of stock incentives given in the previous years, as well as a rise in his performance-based variable pay. "Parekh has demonstrated successful business and overall performance since his appointment," the company's annual report said. His remuneration has to be determined, keeping in view international benchmarks, it said.

At larger rival Tata Consultancy Services, CEO Rajesh Gopinathan's compensation rose 26% to about ₹26 crore in FY22, according to the company's annual report. After a 6% cut in remuneration in FY21, Sanjiv Mehta, MD of Hindustan Unilever, saw his compensation go up by 43% to just over ₹22 crore.

