

CEO-Worker Pay Gap Keeps Widening

Several small- and mid-cap, promoter-driven cos on the top 10 list for FY23

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ET Intelligence Group: Jayadev Galla, CMD of Amara Raja Batteries, took home over ₹52 crore as compensation in FY23. That was about 1,872 times the median salary

of the company's employees. Amara Raja Batteries heads the top 10 list of companies with the widest gap between CEO pay and median employee remuneration.

An analysis of Nifty 500 companies that have released their annual reports for FY23 shows several small- and

mid-cap, promoter-driven companies such as Amber Enterprises, JK Paper, Balakrishna Ind and Ratnamani Metals in the top 10.

While Galla of Amara Raja Batteries received a 38% hike in his pay over the previous year, the company's median employee salary rose 4.5%.

The CMD's salary stood at 1,413 times the median employee salary in FY22.

To be sure, the company's earnings per share improved from ₹30 in FY22 to ₹40.6 in FY23, indicating greater corporate value.

Amber Enterprises, a manufacturer of electronic components, paid its CEO 917 times the median remuneration of its employees in FY23. In this case, the gap narrowed as the CEO salary was 1,393 times the median employee pay in FY22. The company's stock hit a record high on Friday.

Large companies such as JSW Steel, Hero MotoCorp and Hindalco also figure in the top 10, paying their CEOs 500-800 times their median employee remuneration.

Leading the Chart

Company	Ratio of CEO pay to median pay of employees	CEO pay in FY23 (₹ cr)	Rise in CEO pay (% YoY)	Rise in median pay of staff (%YoY)
Amara Raja Batteries	1,872	52.6	38.5	4.5
Amber Enterprises India	917	2.3	0.0	12.0
Wipro	916	82.4	3.3	13.4
JK Paper	871	42.7	51.7	10.4
Mphasis	853	59.2	0.0	-5.6
Hero Motocorp	813	99.5	18.0	3.3

Source: Company annual reports and Bloomberg



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That compares with the average gap of 278 times for Nifty 100 companies in FY22, as per data sourced from primeinfobase.com. According to Aon's 12th annual salary survey, the average CEO compensation in India in 2023 is Rs 8.4 crore and has increased by 21% in the past four years, higher than in the pre-Covid years. As indicated in the table, the CEO pay hike in several instances is higher than the increase in employee remuneration.

Promoters helm seven of the top 10 companies having the widest gap between CEO pay and median employee remuneration till now for FY23. These are Amara Raja Batteries, Amber Enterprises, JK Paper, JSW Steel, Balakrishna Industries, Ratnamani Metals & Tubes and Hero MotoCorp.

The IT companies — Mphasis and Wipro — that figure in the top 10 are exceptional cases. The remuneration of the Mphasis CEO is paid from Mphasis Corp., a wholly owned subsidiary of the IT company, pursuant to his secondment to Mphasis Corp. Wipro has hired an expat CEO and



Company	Ratio of CEO pay to median pay of employees	CEO pay in FY23 (₹ cr)	Rise in CEO pay (% YoY)	Rise in median pay of staff (%YoY)
Ratnamani Metals & Tubes	775	23.8	38.4	15.6
JSW Steel	629	51.4	0.0	12.6
Balakrishna Industries	629	38.5	-15.0	10.0
Hindalco Industries	506	37.1 [^]	51.3	11.7

Source: Company annual reports and Bloomberg | [^] Excludes perquisites towards exercise of ESOPs during the year

Promoters helm seven of the top 10 firms having the widest gap between CEO pay and median employee remuneration for FY23

his remuneration includes variable pay as well as the amortisation of restricted stock units (RSUs), which vest over a period and are based on performance parameters.

CEO pay in corporate America stood at an average 324 times the median worker's pay for 2021. Several studies have found a positive correlation between company performance and CEO compensation, indicating that bosses are typically rewar-

ded for an improvement in earnings. A University at Buffalo School of Management study last year found little evidence of CEO compensation changing in response to the pay ratio disclosure reform. But the study found evidence of greater pay disparity being associated with higher selling activity by retail investors and more negative votes on CEO pay packages.

In India, shareholders at Max Financial Services, Sobha, Kinetic Engineering and Balaji Telefilms have previously rejected proposals to increase CEO remuneration above the permissible limit or if the company hasn't done as well as expected.