

CEO salaries surge 40% in just 4 years

Promoter CEOs among best-rewarded in India Inc: Deloitte

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Driven by rising stock markets and growth in key sectors of the economy, corporate honchos are seeing a frenetic rise in salaries, a survey by audit and consulting firm Deloitte has found. Promoter CEO salaries are growing faster than those of professional CEOs, even as performance-based bonuses take centre stage.

The average compensation of a CEO has jumped 40% from the levels in 2020 to ₹13.8 crore in 2024, according to the Deloitte India Executive Performance and Rewards Survey. In contrast, the average salary of junior executives is estimated to have grown at about half that rate over the same period.

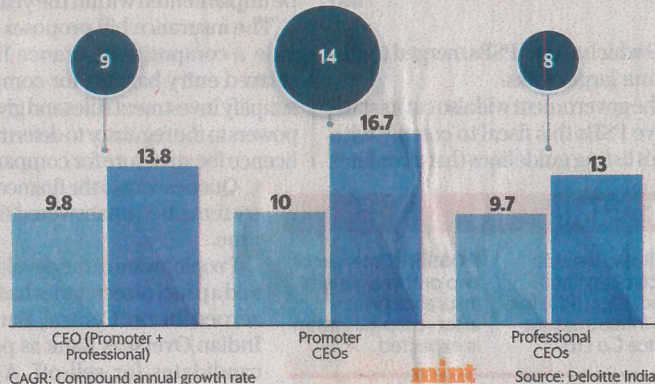
CEOs who earn ₹20 crore or more have doubled in number over the past four years in the survey base of 400 companies comprising both listed and unlisted companies across sectors.

The survey found that promoters are rewarding themselves more than their professional peers. CEOs who are also promoters or members of the promoter family are paid

PAY CHECK

CEOs who earn ₹20 crore or more have doubled in number over the past 4 years; At the same time, share of 'target-based' payouts is rising

Average CEO compensation in India with long-term incentives (₹ crore) ■ 2020 ■ 2024 ● CAGR %



CASH COUNT

SOME sectors ready to pay good money to hire senior executives

SHARE of promoter CEOs earning more than ₹20 cr has tripled

JUNIOR executives' pace of salary growth is half that of CEOs

SARVESH KUMAR SHARMA/MINT

₹16.7 crore on average, while CEOs at professionally run firms receive an average of ₹13 crore.

“The average tenure of a promoter CEO is much longer than that of a professional CEO, so there is less risk of attrition. Therefore, their compensation has increased more sharply over time,” said Din-

kar Pawan, director at Deloitte.

The proportion of promoter CEOs earning more than ₹20 crore a year tripled from 9% (of the survey base) in 2020 to 26% in 2024, while that of professional CEOs earning this amount increased from 12% in

CEO salaries jump 40% in 4 yrs; junior-level pay up half as much

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2020 to a less impressive 17% in 2024.

One reason for the surge in salaries is that a significant part of their compensation is equity-linked. With share prices steadily rising over the past few years, overall compensation value has increased in tandem.

Search firms say certain sectors that have increased their top-level hiring are ready to pay good money to get senior talent. "CEO salaries often don't follow bands the way junior and middle order do," said Navnit Singh, chairman and regional managing director of executive search firm Korn Ferry. "Promoter firms in industrial and manufacturing sectors have seen a sudden growth spurt and are willing to pay higher than previous salaries to get CEOs from other sectors."

At the same time, the share of 'target-based' payouts in compensation packages is increas-



A significant part of CEOs' salary is linked to equity.

ing, which means you get a big chunk of the dough only if the company does well financially. The survey found that every second CEO has a 'target' compensation of more than ₹10 crore in 2024, compared with every third CEO in 2020.

More than 50% of target compensation is performance-based on average (57% for professional CEOs and 47% for promoter CEOs). Top executives are also being judged on product launches; ESG (environ-

mental, social, and governance) metrics; retention; productivity; capital efficiency and more.

Companies are also creating 'hybrid' stock options to attract and retain top talent for longer while protecting the firm's interests, the report said. These stock options typically have stricter performance clauses and more restrictions than regular ones.

An analysis of BSE 200 companies (excluding public firms) revealed that a staggering 45% of them saw a change of CEO in the past five years. Six of every 10 new CEOs were promoted from within the organisation, noted Deloitte.

According to data from Prime Database, the compensation of managing directors at the top five Nifty 50 companies (Bharti Airtel, Hindustan Unilever, ICICI Bank, Infosys, and TCS) increased by 46.5-128.8% over the past five financial years (FY2019-FY2023).

(Mayur Bhalerao in Mumbai contributed to the story.)