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2024 Executive Performance and Rewards Survey Report

Participant report | 2023–24 Contact us at inexecrem@deloitte.com

Key highlights from Deloitte India's 2024 executive performance and rewards survey

CEO compensation and pay-mix



Average CEO compensation in India stands at INR 13.8 crore, up 40 percent compared with pre-COVID times. The number of CEOs earning more than INR 20 crore in target total compensation doubled over the past four years. Over 50 percent of overall CEO compensation is at-risk (linked to short-term and long-term incentives).

CEO to CXO compensation ratios



Across CXO positions, promoter CEO-to-CXO compensation ratios are higher than professional CEO-to-CXO compensation ratios. COOs and CFOs are the next highest-paid executive positions after the CEO. These roles are followed by the CHRO, business and legal heads, and CIO roles.

CEO changes/movements



About 45 percent of S&P BSE 200 companies (excluding PSUs) witnessed a change in their CEO incumbent over the past five years. Almost six of every 10 new CEOs have been internal promotees (largely Deputy MDs/BU heads/COOs), while the rest have been hired externally.

Performance assessment and Short-Term Incentives (STI)



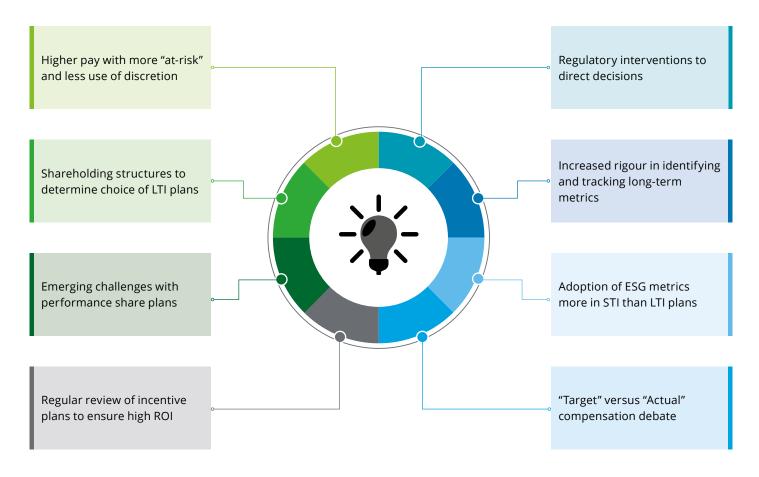
Companies assess CEO performance holistically but largely link only financial performance to incentives. More companies are moving away from a pool-based approach to a target-based approach to annual incentives, particularly in the financial services sector due to the requirements proposed by RBI and IRDAI.

Long-Term Incentives (LTI)



The prevalence of stock options or ESOPs dropped from 68 percent to 49 percent over the past five years despite more companies using LTI. We find that larger companies with more mature compensation practices are adopting performance shares faster, in line with global best practices.

What can we expect in terms of executive performance and rewards?



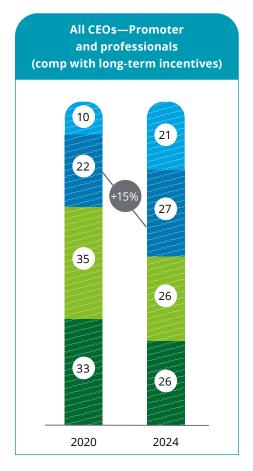


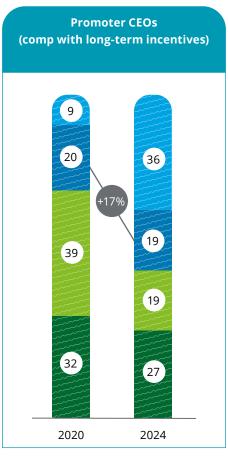
Average Indian CEO compensation stands at INR 13.8 crore; up 40 percent from pre-COVID times

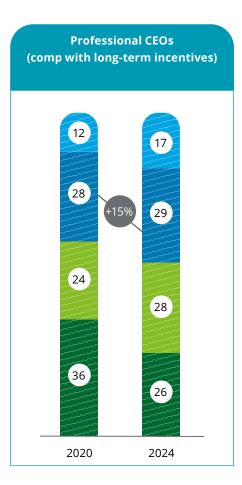


- CEO compensation in India has seen high-single-digit annualised growth rates.
- The wide gap between median and average CEO compensation (INR 9.3 crore versus INR 13.8 crore) indicates the wide range of compensation numbers and some outliers on the higher end.
- We observe a faster increase in promoter CEO compensation compared with professional CEOs.

CEOs earning more than INR 20 crore doubled over the past four years







% of Incumbents in different pay brackets

< 5 crore

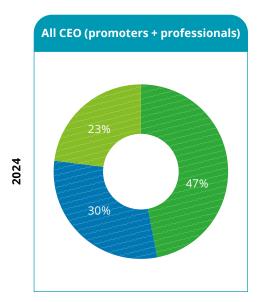
5- 10 crore

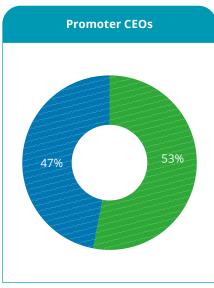
10-20 crore

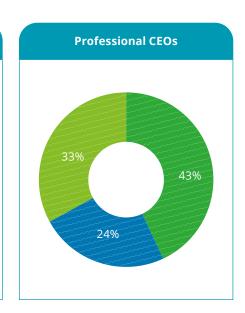
> 20 crore

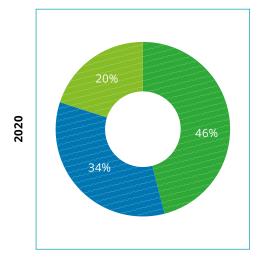
- About three of every four CEOs in India now earn more than INR 5 crore.
- The number of promoter CEOs earning more than INR 20 crore increased 4x over the past four years.
- The growth in the number of professional CEOs earning more than INR 20 crore has been more muted.

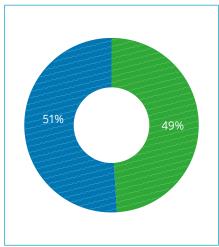
More than 50 percent of overall CEO compensation is linked to short-term and long-term incentives

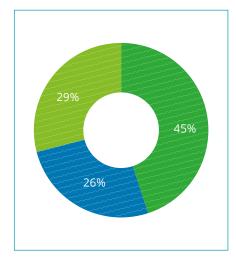












Fixed Pay
Short-Term Incentive (STI)
Long-Term Incentive (LTI)

- Due to corrections, fixed pay for promoter CEOs now constitutes over half of the total pay.
- For professional CEOs, pay-at-risk (STI + LTI) is much higher at 57 percent of the total pay.

We analysed CEO changes for S&P BSE 200 companies over the past five years and discovered that ...

The CEO movement: 1 of 2 About 45 percent companies have seen a CEO change in the past five years.

Six of 10 new CEOs homegrown

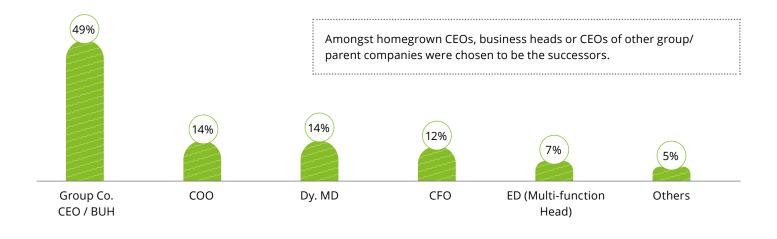
Six of 10 new CEOs were homegrown talent, i.e., either promoted internally (70 percent) or hired from group/parent company (30 percent).

Four of 10 new CEOs hired externally

Talent for the new external CEOs was sourced from the same sector (81 percent). The remaining CEOs were hired from related sectors, such as retail to consumer and e-commerce to retail.

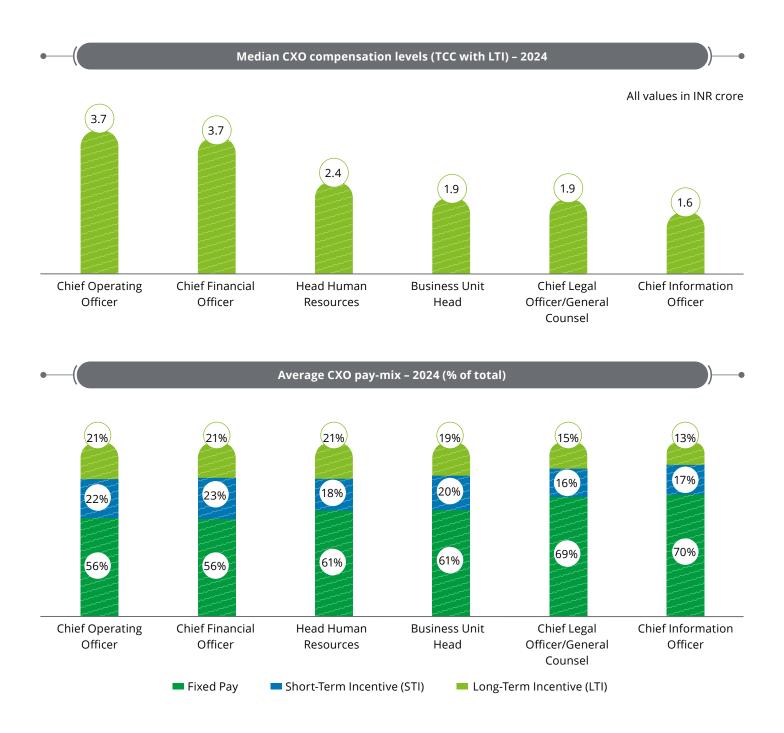
A slow promoter to professional transition

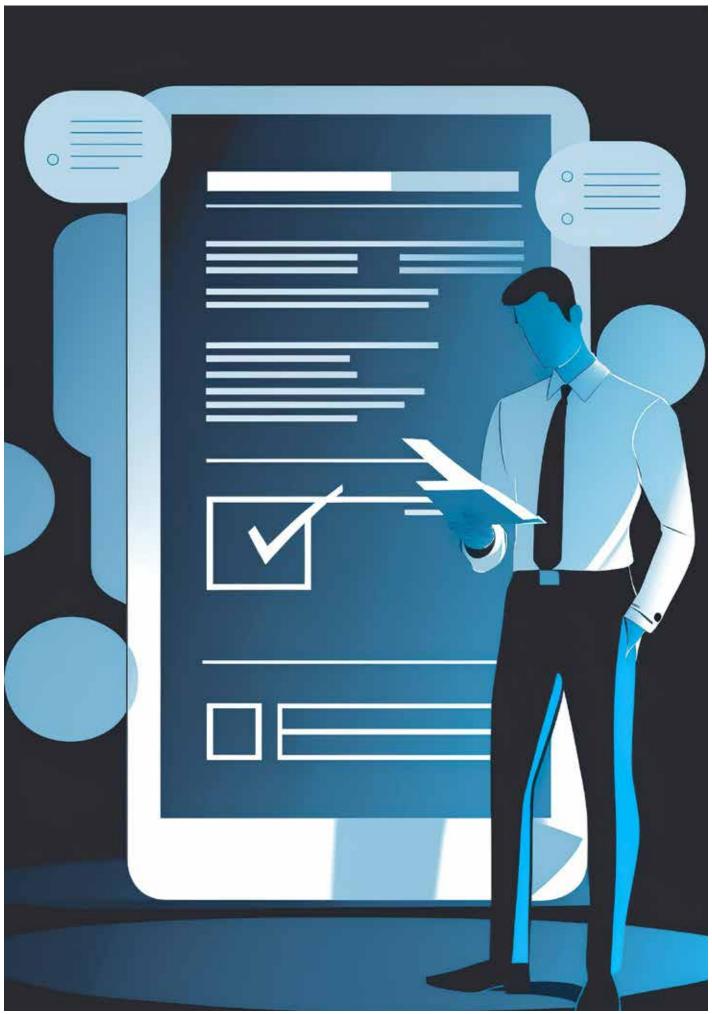
Nine percent of companies witnessed a CEO transition from promoter to professional. Overall, three of every four CEOs in India are professional/non-promoter incumbents.





... amongst the CXOs, COOs and CFOs continue to command the highest compensation premiums





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